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Far Rightists In France Hope to Ride Angry Wave

Anti-Immigrant Mood Will Be a Key Factor In Local Voting Sunday

By Craig R. Whitney
New York Times Service

DREUX, France — Dreux, 45 miles west of Paris, is the typical small French town of the 1990s: a downtown of two- or three-story brick-and-stucco buildings with a picturesque 16th-century bell tower, surrounded by sterile, modern housing projects that are home for most of the city's 37,000 people.

Forty years ago, Dreux was a quaint and almost entirely French town, but it has been transformed by decolonization and rapid economic change that also brought rising crime, high unemployment and racial unrest.

Policies of conservative and Socialist governments alike have failed to solve the problems, and the political backlash has been building up for a long time.

Here it is personified by Marie-France Stirbois, a 50-year-old widow who heads the local chapter of the far-right National Front and who stands a good chance of being elected as one of the party's first mayors in nationwide municipal elections on Sunday.

She makes no bones about who is to blame for juvenile delinquency and crime — foreign immigrants, she says — and she promises to make Dreux "a more French city" by cracking down on illegal immigration and giving priority to the native-born in benefits such as subsidized housing and family allotments.

"A lot of French people feel like second-class citizens in their own country," she said.

A lot of French people here obviously agree with her. In the preliminary round last Sunday, she won 35 percent of the vote.

National Front candidates in a score of similar towns in other parts of France — near Marseille, along the Riviera, in the northern rust belt and in the industrial east — led by even bigger margins and could also win control of their city halls this Sunday.

"Mrs. Stirbois hasn't got what it takes to be mayor," said a retired man who refused to give his name, "but she's right about immigration and crime. The local merchants are robbed all the time by foreign kids. The city is renovating the projects now, but how long will they stay fixed?"

Francine Gaspard, a Socialist and historian who grew up in Dreux and served as mayor from 1977 to 1983, said in a book published by Harvard University Press this year titled "A Small City in France" that the far-right surge in her city was no aberration in modern France, which is fragmented like much of America by the forces of modern economic life.

"There is no community, only a collection of people who are strangers to one another and whose numbers are growing," Mrs. Gaspard wrote, blaming poor urban planning and a general sense of powerlessness for the alienation.

Buffeted by economic and social forces that are as baffling to them as they are to the poorly educated immigrants from former French colonies who came to Dreux

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The G-7 leaders heading for dinner. From left: Bill Clinton, Tomiichi Murayama, Jacques Santer, Jacques Chirac, Helmut Kohl, John Major, Lamberto Dini.

G-7 Leaders Act to Avoid Mexico-Style Meltdowns

Halifax Summit Ends With Call to Double IMF Emergency Fund

By Alan Friedman
International Herald Tribune

HALIFAX, Nova Scotia — The world's seven leading industrial nations agreed Friday on a set of measures aimed at preventing future Mexico-style financial crises during an economic summit meeting that was overshadowed by the war in Bosnia and the U.S.-Japanese trade dispute.

The measures — aimed at avoiding a repeat of the peso crisis that shook the world financial system early this year — include a plan to create an emergency financing mechanism at the International Monetary Fund.

The mechanism would be paid for through a doubling of a special \$27 billion pool of credits that 11 wealthy nations make available to the Fund.

Larry Summers, the U.S. deputy secretary of Treasury-designate, said that he expected the additional money would come from the United States and other contributors to the existing pool, as well from emerging wealthy nations in Asia.

In their final communiqué Friday, the leaders attending the Halifax meeting of the Group of Seven nations also expressed concern over the degree to which economic growth is slowing in various countries, especially in the United States.

In addition, they reaffirmed their concern about the weakness of the dollar against both the yen and the Deutsche mark and stressed that G-7 finance ministers remain in close cooperation in foreign exchange markets.

The communiqué noted that the leaders "remain encouraged by the continued strong growth in much of the world's economy" and stated that inflation was under control.

But it also acknowledged that there has been some slowing in most of the world's economies.

President Boris N. Yeltsin of Russia arrived Friday to attend a dinner where American and other officials said a principal topic would be how to stop the fighting in Bosnia.

Separately, the United States, Britain and France also launched a worldwide search for contributions to finance an expanded United Nations peacekeeping

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Chechens With Hostages Reject Russian Offer

By Lee Hockstader
Washington Post Service

BUDENNOVSK, Russia — Chechen gunmen holding at least 1,300 people in this southern city rejected Russian government offers of food, money and transportation out of the country on Friday in return for handing over the captives.

With talks between the two sides apparently stalemated, Moscow's defense minister, General Pavel S. Grachev, suggested that a strike by special forces was the only way to free the hostages quickly.

Other officials were more cautious, acknowledging that any such operation could end in a bloodbath.

"Freedom or death is our fate," said Shamil Basayev, leader of the rebels holding the hostages, The Associated Press reported. "Let them come and storm the place. We are sick of watching our villages being bombed, and our women and children being killed."

As the crisis deepened, there were dramatically higher estimates of the number of hostages held by the Chechens, who have been holed up in the city hospital here since Wednesday, demanding that Russia end its six-month military intervention in Chechnya.

The names of 627 people known to be hostages were posted here, and more than 650 others were listed as missing and presumed held hostage in the hospital. The list of missing was growing all day long, and officials acknowledged there could be 2,000 or more hostages. The Chechens, for their part, said they were holding 5,000.

Some 70 to 80 Chechen fighters drove about 200 kilometers (120 miles) north from Chechnya and stormed this provincial city at lunchtime Wednesday. They attacked the police station, City Hall, and a communications center and abducted men, women and children from their homes. They herded their captives to the hospital on the outskirts of town, where patients and medical staff were also made hostages.

More than 100 people were killed, including police officers, and many more were wounded. The Chechens said they killed another five military officers among their hostages late Thursday.

The Chechens are well armed with assault rifles and rocket-propelled grenades. Journalists who were allowed into the hospital late Thursday filmed crowded corridors and miserable women and children being held hostage.

It is not clear how the Chechens, who have so far refused Russian offers to deliver food to the hospital, intend to keep their captives fed. They have pledged not to harm women and children, but have threatened to kill their hostages if Russian troops storm the building.

On Friday, they released two children who were in poor health.

General Grachev said the only way to

save the hostages was to use force "as soon as possible."

But here in Budennovsk, Deputy Prime Minister Nikolai Yegorov argued that any attempt to storm the hospital could be disastrous.

"The use of force is inappropriate because the lives of hundreds of innocent people held at gunpoint by bandits are involved," he told the Itar-Tass press agency.

The rebels renewed their threat to blow up the hospital with their captives and themselves inside after new negotiations with Russian officials failed.

In sweltering heat on Friday, Budennovsk seemed on the verge of a collective nervous breakdown. In a city with a population of 54,000, practically everyone knows or is related to someone who

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Russian officials in Budennovsk taking down data Friday on victims killed when Chechen rebels stormed the city.

Bosnian Army, in Biggest Offensive, Cuts Serb Route

By John Pomfret
Washington Post Service

SARAJEVO, Bosnia-Herzegovina — The Bosnian Army cut a key Serbian supply route and was threatening another Friday in the second day of its most serious assault on the Bosnian Serbian forces besieging Sarajevo since the war began.

Hundreds of Muslim troops, backed by artillery, pushed both north and south out of the city in pre-dawn attacks a day after thousands of Muslim troops on the outside of the encircled capital launched a four-prong thrust attempting to break in.

Serbs responded by using three stolen French tanks to blast Muslim positions, launching two rockets into the heart of the city and hitting Sarajevo's general hospital with five artillery rounds, leaving two people dead.

Government sources compiled an incomplete death toll of more than 20 killed and 32 wounded, most of them soldiers. Five French UN soldiers were hurt, one seriously, officials said.

While much was unclear about the Muslim offensive, there was little doubt that the attacks, which were praised as being well-coordinated with good synchronization between artillery and infantry assaults, marked a watershed in Bosnia's war.

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Vietnamese in Germany Out of Time

By Rick Atkinson
Washington Post Service

BERLIN — On street corners and outside subway stations, squadrons of Vietnamese peddlers hawk contraband Marlboros and Lucky Strikes, ready to bolt whenever a police cruiser rolls into sight.

In recent years, cigarette smugglers from the squalid Eastern Berlin ghetto known as Little Hanoi have become almost as much a part of this city's landscape as the Brandenburg Gate or the Reichstag. Once welcome in East Germany as guest workers toiling for a better socialist tomorrow, the Vietnamese found themselves out of work, out of luck and distinctly out of favor after

German reunification in 1990. Many turned to black marketeering for survival.

But now they are also out of time. After years of bickering between Bonn and Hanoi, the two governments have agreed on a repatriation arrangement that will allow Germany later this summer to begin deporting about 40,000 Vietnamese living here illegally.

The accord will close another chapter in the Cold War and, the German police hope, also help remedy a source of violent crime that has claimed 19 lives here in the last two years — including a quintuple homicide in March — as gangs vie for control of the cigarette trade. Moreover, German businesses see the deal as an important step in cracking Vietnam's

burgeoning markets, a process that stalled after Bonn suspended export credits pending resolution of the deportation quarrel.

For Vietnamese in Germany, however, the arrangement is just the latest twist in a story that has spanned two continents, two Germanys and the fault line that marked the end of communism in central and Eastern Europe.

Le Thi Cu Phuong's case is typical. She came to East Germany as an invited contract worker in 1987, lost her job in a clothing factory in 1990 and has struggled ever since to make ends meet, together with her husband — an engineer who now works at a fast-food stand —

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AGENDA

Salt Lake City Gets Olympics

Salt Lake City was chosen Friday as the site for the 2002 Winter Olympics on the first round of a secret ballot by the International Olympic Committee.

Salt Lake City received 54 votes out of 89 cast, ending a three-decade campaign in which the capital of Utah has been turned down four times. The city was chosen over three other sites — Sion, Switzerland; Ostersund, Sweden; and Quebec City. (Page 21.)

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China Recalls Envoy as Ties To U.S. Worsen

Compiled by Our Staff From Dispatches

BEIJING — The Chinese Foreign Ministry said Saturday that it was recalling its ambassador to the United States, plunging relations between the governments to their lowest point since ties were established 16 years ago.

"The Chinese government has decided to recall Ambassador to the United States Li Daoyu to report on his work in view of the current state of Sino-U.S. relations," the ministry announced in a one-paragraph statement.

A State Department spokesman said the United States regretted the move and hoped that the action would be temporary.

"We very much regret that the Chinese government has chosen to withdraw its envoy from Washington and we hope that his absence from Washington will be temporary," said the department spokesman, Nicholas Burns. "We continue to seek a constructive relationship with a strong, stable and open China."

China was enraged earlier this month when Washington issued a 16-year ban on any U.S. visits by leaders of rival Taiwan by allowing Taiwan's president, Lee Teng-hui, to make a private visit to the United States.

Beijing denounced the visit, saying U.S. permission for Mr. Lee's trip had gravely damaged relations, established on Jan. 1, 1979, after Washington switched recognition to Beijing's Communist government from Taipei.

China's decision to recall its ambassador signaled a sharp deterioration in the relationship.

Relations have seered, troubled by trade disputes, human-rights issues and differences over arms sales.

But the decision on Friday marked the first time Beijing had taken such drastic

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Pressure Growing Over Scuttling Rig, But Major Is Firm

By Eric Ipsen
International Herald Tribune

LONDON — The battle to avert the deep-sea dumping of the giant Brent Spar oil storage platform escalated on both land and sea Friday, putting new pressure on both the British government and platform owner Royal Dutch Shell Group to abandon their plans.

At sea, Greenpeace managed to land two protesters on the 140-meter (456-foot) platform from a helicopter as it was being towed to deeper waters in anticipation of its planned scuttling on Tuesday.

On land, the controversy boiled over from the Group of Seven meeting in Halifax, Nova Scotia, to the streets of Hamburg, Germany, where a Shell gas station was set alight on Thursday night. That bombing was condemned by Greenpeace.

Responding to demands from Chancellor Helmut Kohl of Germany to discuss the matter, Prime Minister John Major of Britain said his government would stand firm.

Mr. Major said in Halifax that although he would be happy to talk with Mr. Kohl about the Brent Spar, the deep-sea dumping was "the way it was going to be disposed of."

Politicians on the Continent responded angrily. Danish environmentalists were urged by their envi-

ronmental minister, Svend Auken, to boycott Shell gas stations. Germany's agriculture minister said he had written to his colleagues in the British government urging them to use their influence to reverse Britain's approval of the dumping.

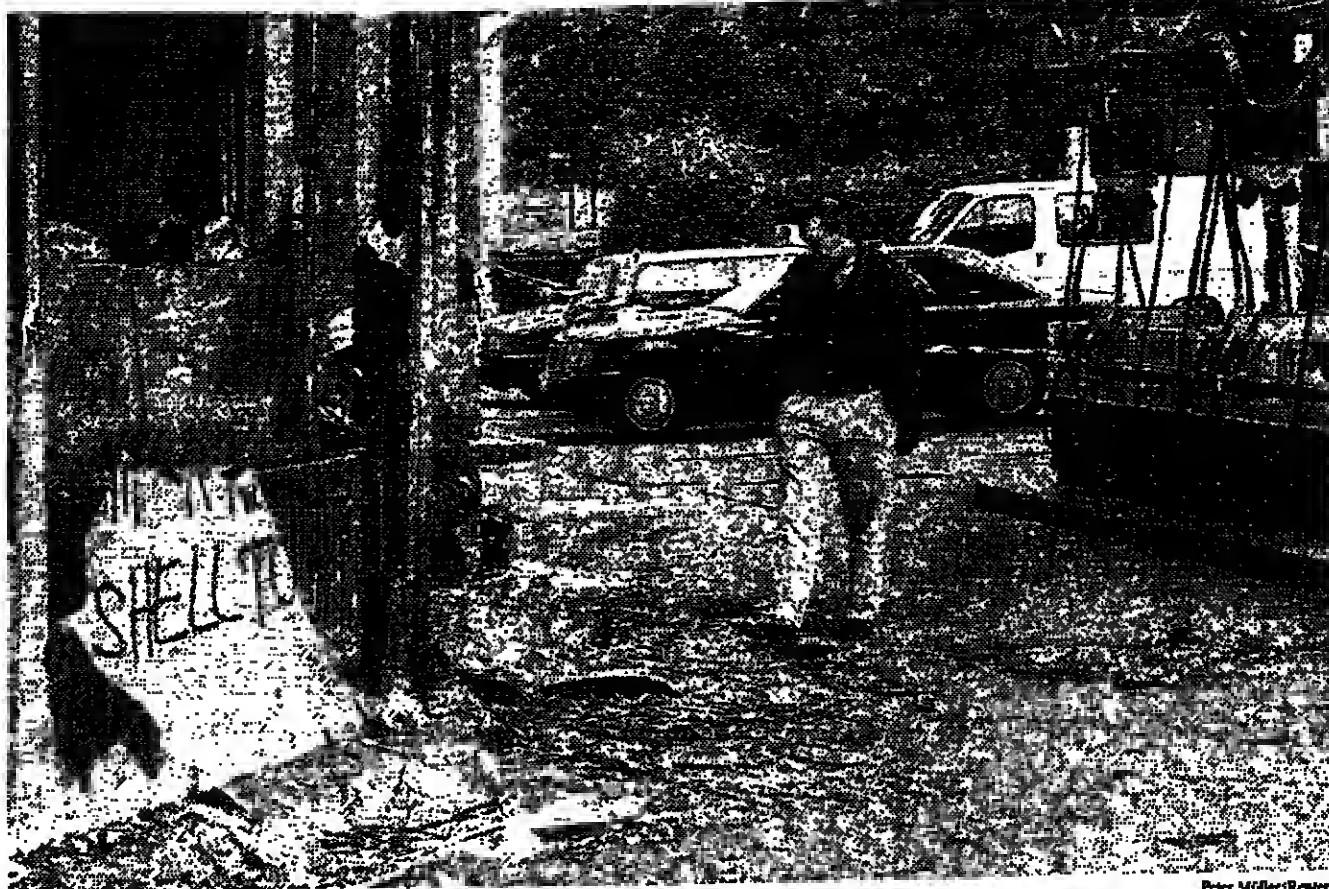
At one point on Friday, it appeared that the environmentalists had scored at least a temporary victory when an executive of Shell's German subsidiary was reported to have announced a delay in its plans to enable the company to explain its position more fully.

That report was subsequently denied by officials at Shell's headquarters in London, who said it had been a "misinterpretation" from the German into English.

The spokesman for Shell International in London also said that any decision must be made by Shell UK Exploration and Production, the arm of the company that oversees its North Sea operations.

At a news conference in London on Friday, Tim Egan, a junior minister in the Department of Trade and Industry, insisted that sending the Brent Spar to its grave 1.5 miles (2.4 kilometers) deep in the North Atlantic was "the best environmentally practicable solution."

He also noted that when it gave its final approval of the disposal on Feb. 16, the department had notified other governments of the action.



A Shell gas station owner in Hamburg looking over the damage Friday after an attack to protest the oil rig dumping.

"We vote with interest the time that lapsed between that announcement and the receipt of any objections," a Department of Trade and Industry spokesman said.

He said the German government had objected to the plan only after Greenpeace had initially occupied the Brent Spar late last month.

What worries environmentalists is the Brent Spar's 100 tons of sludge, 10 percent of which is heavy oil residue, as well as 30 tons of low-level radioactive

scale built up on the platform's miles of pipes.

Both Shell and the British government insist that neither constitute an environmental threat and that disposing of the platform on land could prove both dangerous, given the immense size of the Brent Spar, and environmentally hazardous if it were to break up in shallow waters en route to land.

A Shell International spokesman in London insisted that the Brent Spar was a "unique" structure and that its burial at

sea represented a unique solution. "We are not talking about creating any precedents here," he said.

Environmentalists say they fear that that is not the case. Those fears received some seeming confirmation from the Department of Trade and Industry on Friday. The department noted that there were about 200 structures now in the British sector of the North Sea oil field, all of which will ultimately have to be disposed of either at land or at sea. Most are

in shallow water and will be disposed of on land.

The department said that of that total, "50 to 60" were in deeper waters. In what the spokesmen described as a "handful of cases," deep-sea disposal remains an option. Furthermore, he said seven different oil companies were now in the advanced stages of studies on disposing of their North Sea platforms, studies in which disposal on land is only one option.

Iraq Mutiny Reveals Cracks in Clan Loyalty

By Youssef M. Ibrahim
New York Times Service

PARIS — Although insignificant in military terms, the brief mutiny by Iraqi Army units against President Saddam Hussein earlier this week is being regarded as a crack in an essential pillar of support for the regime. Iraqi opposition figures said Friday.

The rebellion, the opposition figures said in interviews, was led by Sunni Muslim clansmen counted among the people who steadfastly fought for, and stood by, the regime ever since the Gulf War when other Iraqis, primarily Kurds in the north and Shiite Muslims in the south, arose to bring Mr. Saddam down.

The army units that undertook the aborted march on Baghdad were staffed, led and commanded by men from the Dulaimi clan, one of several tribes and clans that form the bedrock of support for Mr. Saddam's ruling establishment of largely Sunni Muslims.

Like scores of other Sunni Muslim clans, including the Jabouris, the Majids and the Hassans, the Dulaimis, who populate the Anbar Province of Iraq, were carefully nurtured over the last five

years to a point of becoming an essential pool from which sensitive command posts in the army, intelligence and personal corps of Mr. Saddam's bodyguards were recruited.

"The military significance of this revolt is debatable," said Ali Zaki of the Iraqi National Assembly, an opposition group based in London. "But the fact that those who were breathing life into it are elders and members of the Dulaimi clan is far more significant."

Clans like the Dulaimis number in the hundreds, stretching into branches and subbranches. Ever since the tense days of the Gulf War, the Iraqi leader restructured his inner core of supporters to draw closer his extensive direct family clan of sons, cousins and half-brothers, followed by circles of these loyal other clans and a core of the Republican Guard units also staffed from these tribal families.

It is this alliance, opposition figures argued Friday, that has been cracking in the last year under the impact of tribal tension, perceived or intended slights and simple business rivalries within the inner ruling circles.

Opposition figures say dismantling all

this structure layer after layer as the loyalty of each clan comes under suspicion is a vicious circle that will only widen the circles of discontent.

In an earlier rebellion, the Jabouri clan arose to protest the execution of several of their own after one member of the clan, an army officer, was accused of plotting to kill Mr. Saddam.

The Jabouri elders argued that the regime's reaction was excessive, including a widespread purge of Jabouri men from sensitive government jobs and army positions and the widespread humiliation of other clansmen peppered in various government jobs.

This rebellion this week followed a similar pattern beginning with the arrest, torture and brutal execution of an air force officer from the Dulaimi clan. General Mohammed Mazloum al-Dulaimi. Opposition figures said his body was turned over to his family on May 15 showing signs of savage torture.

Again, the discovery of a plot by a clan member was followed by purges, denunciation and humiliation of scores of Dulaimis, who were expelled from the Republican Guard army units and intel-

ligence services under the command of Mr. Saddam's son, Qosai.

Historically, this sort of ostracism of a whole group over suspicion of disloyalty has been part of the political culture of Iraq, a country where ideology comes next to greater loyalties imposed by blood ties and clan solidarity. Historically also in Iraq, the humiliation of clans has led to bouts of revenge.

Iraqi opposition and Arab analysts said the latest rebellion failed as troops loyal to Mr. Saddam easily stopped infantry units led by General Turki Ismail Dulaimi 40 kilometers (25 miles) east of the capital. Some opposition figures argued Friday that the rebellious general was more interested in scoring points for the Dulaimi clan than in overthrowing Mr. Saddam. The general's fate is unknown.

An Arab diplomat who has had extensive dealings with Mr. Saddam said what happened with both the Jabouris and that Dulaimis indicated the widening nature of problems faced by the president, but also clearly showed the Iraqi leader plans to fight every step of the way even as his most inner core of support begins to disintegrate.

Cyprus Assails U.S. Accusations On Aid to Serbs

Reuters

NICOSIA — Cyprus criticized the U.S. Treasury on Friday for saying that Cypriot lawyers were helping Serbians violate United Nations sanctions.

"It has come to the attention of the authorities of the Republic that the American Treasury put lawyers and law offices of Cyprus on a list that they act on behalf of Serbian companies violating the UN resolutions," said the Cypriot government spokesman, Yiannakis Cassoulides.

"This is unacceptable," he said. "The claims of the Treasury Department are not substantiated."

Mr. Cassoulides said the Cypriot ambassador to Washington, Andreas Jacovides, would file an official protest and the Cyprus government had taken the matter up with the U.S. Embassy in Nicosia.

French Sentences in Bakhtiar

PARIS — A special anti-terrorism court handed sentences Friday to six Iranians, including a civil trial in absentia for the 1991 assassination of Shapour Bakhtiar, the former prime minister of Iran.

Among the six, all still being sought, was a civil making this the first time France had convicted a directly linked to the Islamic Republic, widely considered a sponsor of terrorism.

Swiss Quake Rescuers Use Sonar

EGION, Greece — A Swiss rescue team hunted with a sonar device Friday in the rubble of an apartment building toppled by an earthquake in this southwestern town.

Officials said at least 17 people had died and were hospitalized with serious injuries. Dozens received emergency treatment at nearby hospitals before being released.

The Swiss team, using specially trained dogs, voices of two people and spotted two others in the apartment building. But as of late Friday, the extracted anyone from the wreckage.

The governor of the Egeion region, Efstratios Se 650 homes had been damaged beyond repair, 550 serious damage and 920 were slightly damaged. Tents have arrived and tent cities set up in local playgrounds.

McCartney Wins Ulster Elect

BELFAST — A United Kingdom Unionist, McCartney, won a British parliamentary by-election North Down constituency, a pro-British area of Ireland, on Friday.

Mr. McCartney had a 2,892 majority over Alan H of the Ulster Unionist Party. The election was a fight various unionist parties that represent the Protestant in Northern Ireland. A Conservative candidate, S ton, won 583 votes.

The main opposition Labor party did not field a Local parties waged the election campaign to fill Down seat almost completely on the issue of h Minister John Major has handled the Northern I process and his proposals for closer ties with the Ir lic. The turnout was just 38.7 percent, the lowest in 20 years.

Lisbon Blacks Beat Up 3 Whi

LISBON — Two white soldiers and one civil attacked by angry blacks at a suburban station appeared to be the first reprisal for the killing of black by skinheads last weekend, officials said Friday. Doctors at São Francisco Xavier hospital said soldiers were receiving treatment for a broken jaw, two received minor injuries in the scuffle late Thursday.

Military officials said the three had been mis skinheads because of their short, military-style During the scuffle they shouted that they were not but soldiers, but the attackers did not stop.

Atomic Safeguards Are Tight

UNITED NATIONS, New York — The Int Atomic Energy Agency has adopted tougher safe that are intended to help its inspectors ferret out nuclear arms programs.

At headquarters in Vienna, the board of gov proved measures that will allow its inspectors in suspected of developing nuclear weapons to gai access to suspected nuclear sites, to mount inspect little or no notice and to sample soil, vegetation, wa for traces of radioactivity.

In early May, countries meeting at the United extended indefinitely the treaty to limit the spread arms. The atomic energy agency has the task of national energy programs to insure that no nuclear are siphoned off for use in developing weapons. I sures in recent years that Iraq and North Korea being signers of the treaty — had been able clandestine weapons programs had led to calls for ending of inspections.

For the Record

At least 10 people died and from 25 to 30 were inj a bus, truck and car collided Friday 85 kilometers south of Tarragona, Spain.

RELIGIOUS SERVICES

<p>AMSTERDAM</p> <p>CROSSROADS INTERNATIONAL CHURCH (Evangelical) Sun. 10:00 a.m. & 11:30 a.m. Kids Welcome. De Cussestraat 3, Amsterdam. Info: 020-4015316 or 020-3034133.</p>	<p>FLORENCE</p> <p>ST. JAMES CHURCH, Sun. 9 a.m. Rite 1 & 11 a.m. Rite 2. Via Bernardo Rosselli 4, 50123, Florence, Italy. Tel: 39958 2944 17.</p>	<p>BRATISLAVA</p> <p>I.B.C. (English language, evangelical) Zrnko 2, 12:30 Sunday - Ben Hanna. Tel: 715367.</p>	<p>MOSCOW</p> <p>I.B.C. Meeting 11:00, Kino Center Building 15 Druzhimirovskaya Ul. 5th Floor, Msk. Metro Station Basmannyaya. Pastor Brad Stacey Ph: (095) 150-3293.</p>
<p>FRANCE/TOLOUSE</p> <p>HOPE INTERNATIONAL CHURCH (Evangelical) Sun. 9:30 a.m. Solid Hope, Toulouse. 56 Bis rue de la République, Tel: 0594.21.18.</p>	<p>FRANKFURT</p> <p>CHURCH OF CHRIST THE KING (Evangelical) Sun. 9:30 a.m. & 11 a.m. Sunday School and Nursery 10:45 a.m. Sebastian Platz 22, 60323 Frankfurt, Germany. Tel: 49 69 4751 29 63 or 47 51 29 63.</p>	<p>BREMEN</p> <p>I.B.C. (English language) meets at Evangelical-Friedrichshagen-Kreuzwegende, Hohenstrasse Hermann-Bode-Str. (around the corner from the Bahnhof) Sunday worship 10:00 a.m. Pastor: Tel. 04791-12877.</p>	<p>MUNICH</p> <p>I.B.C. of MUNICH, Heidestr. 9, English Language Services. Bible study 10:00. Worship Service 11:00. Pastors phone: 653634.</p>
<p>KIEV</p> <p>INTERNATIONAL CHRISTIAN ASSEMBLY (A.C.S.) Sundays English 10:00 a.m. & 12:00 p.m. 150 Franklin St., (304) 424-5276.</p>	<p>GENEVA</p> <p>EMMANUEL CHURCH, 1st & 3rd Sun. 10 a.m. & 11 a.m. Sunday School, Morning Prayer, 3 rue de Monthoux, 1201 Geneva, Switzerland. Tel: 41 22 852 80 78.</p>	<p>BUCHAREST</p> <p>I.B.C., Strada Popea Nr. 22, 3:00 p.m. Contact Pastor Mike Kemper, Tel. 312 3550.</p>	<p>PRAGUE</p> <p>INTERNATIONAL BAPTIST FELLOWSHIP meets at the Czech Baptist Church Vrchbátova 10, Prague 3. At metro stop Jirchova. Sunday 10:00 a.m. 11:00 Pastor: Bob Ford (02) 311 7574.</p>
<p>MUNICH</p> <p>INTERNATIONAL COMMUNITY CHURCH, Evangelical Bible Believing, services in English 4:30 p.m. Sundays at Erlangenstr. 10 (2 Thorensenstr.) (069) 880-5677.</p>	<p>LUCERNE</p> <p>AT CHRISTUSKIRCHE Muségasse, Sun. 11 a.m. Morning Worship with Holy Eucharist. For details see local newspapers. Tel: 4141 22 13 67.</p>	<p>BUDAPEST</p> <p>I.B.C., meets in Morics Zsigmond Gimnazium, Torokszék Ut 45-56, Sundays, 10:00 Coffee Fellowship, 10:30 Worship. Take Bus 11 from Bathyányi ter. Other meetings, call Pastor Bob Zbinden, Tel. 250-3932.</p>	<p>WATERLOO</p> <p>WATERLOO BAPTIST FELLOWSHIP Worship 14:00 at Swedish Church, Chaussee de Charleroi 2 across from McDonalds. Tel: 045 225476.</p>
<p>PARIS AND SUBURBS</p> <p>EMMANUEL BAPTIST CHURCH, 56 Rue des Bords-Fleuves, Rue-Matignon, An Evangelical church for the English speaking community located in the western suburbs S.S. 84:55. Worship: 10:45. Children's Church and Nursery. Youth ministers Dr. B.C. Thomas, Pastor, Call 47 51 29 63 or 47 51 29 63.</p>	<p>MUNICH</p> <p>THE CHURCH OF THE ASCENSION, Sun. 11:45 a.m. Holy Eucharist and Sunday School. Nursery Care provided. Seibelsstrasse 4, 81545 Munich (Hartmannstr.), Germany. Tel: 49 89 64 81 85.</p>	<p>BULGARIA</p> <p>I.B.C., World Trade Center, 36, Oranienburger Blvd. Worship 11:00. James Duke, Pastor. Tel: 704367.</p>	<p>ZURICH - SWITZERLAND</p> <p>I.B.C. of Widenmatten (Zürich), Rosenbergrasse 4, 8620 Widenmatten. Worship Services Sunday mornings 11:00. Tel: 1-724 2882.</p>
<p>HOPE INTERNATIONAL CHURCH (Evangelical), Sun. 9:30 a.m. Hotel Orion, Metro 1 - Esplanade de la Défense.</p>	<p>ROME</p> <p>ST. PAUL'S WITHIN THE WALLS, Sun. 9:30 a.m. Holy Eucharist 10:30 a.m. Choral Eucharist 11:30 a.m. Church School for children & Nursery care provided. p.m. Spanish Eucharist. Via Napoli 53, 00184 Roma. Tel: 395 438 3338 or 395 474 3558.</p>	<p>CELLE/HANNOVER</p> <p>I.B.C., Windmill Strasse 45, Celle 3300. Worship, 14:00 Bible Study, Pastor West Campbell, Ph: (05141) 49416.</p>	<p>ASSOC. OF INT'L CHURCHES IN EUROPE & MIDEAST</p>
<p>SAINT JOSEPH'S CHURCH (Roman Catholic), Masses Sunday 9:45 a.m., 11:00 a.m., 12:15 p.m., and 6:30 p.m. Saturday: 11:30 a.m. and 8:30 p.m. Monday-Friday: 8:30 a.m., 5:00 p.m. & 8:00 p.m. Tel: 46 78 47 94.</p>	<p>BRUSSELS/WATERLOO</p> <p>ALL SAINTS CHURCH, 1st Sun. 9 & 11:15 a.m. Holy Eucharist with Children's Chapel at 11:15. All other Sundays: 11:15 a.m. Holy Eucharist and Sunday School. 563 Chaussee de Louvain, Oranien, Belgium. Tel: 32 394 3556.</p>	<p>DÜSSELDORF</p> <p>I.B.C. English, Worship and Children's Church Sundays at 12:30 p.m. Meeting temporarily at the Evangelical - Friedrichstrasse 11, Friendly Fellowship. All denominations welcome. For further information call the pastor Dr. Danim Bador, Tel: 0211 - 400 177.</p>	<p>BERLIN</p> <p>AMERICAN CHURCH IN BERLIN, cor. of Clay Alley & Potsdamer Str. S.S. 9:30 a.m. Worship 11 a.m. Tel: (030) 4133221.</p>
<p>THE SCOTS KIRK (Presbyterian) 17 rue Bayard 75008 Metro: Rognes. Sunday Service 10:30 a.m. & 11:30 a.m. At Welcome. Tel: 46 78 47 94.</p>	<p>WIESBADEN</p> <p>THE CHURCH OF ST. AUGUSTINE OF CANTERBURY, Sun. 10 a.m. Family Eucharist. Frankfurt Strasse 3, Wiesbaden, Germany. Tel: 49 611 30 66 74.</p>	<p>FRANKFURT</p> <p>INTERNATIONAL CHRISTIAN FELLOWSHIP Evangelical-Friedrichstrasse 11, 60323 Frankfurt, Germany. Tel: 49 69 4751 29 63 or 47 51 29 63.</p>	<p>COPENHAGEN</p> <p>INTERNATIONAL CHURCH of Copenhagen, 27 Farnvej, Vanø, near Rødhus. Study, 10:15 & 11:30. Tel: 31624755.</p>
<p>ST. MICHAEL'S CHURCH (Evangelical Anglican), Sunday 10:30 a.m. (with children's club and crèche) and 6:30 p.m. Midweek study groups. Christ-centered fellowship in the heart of Paris, 5 rue d'Assommoir, 75005. Tel: 47 42 70 86. Metro: Concorde.</p>	<p>BERLIN</p> <p>I.B.C. OF BERLIN, Rotherberg Str. 13, (Siegfried), Bible study 10:45, worship at 12:00 on Sunday. Charles A. Warford, Pastor. Tel: 030 774 4670.</p>	<p>HOLLAND</p> <p>TRINITY INTERNATIONAL invites you to a Christ centered, loving fellowship. Worship Service 10:30 with nursery Bloomerlaan 54, Wassenaar 07171-78024.</p>	<p>GENEVA</p> <p>EV. LUTHERAN CHURCH of Geneva, 20 rue Verdère, Sunday worship 9:30. In German 11:00 in English. Tel: (022) 310 50 89.</p>
<p>TOKYO</p> <p>ST. PAUL INTERNATIONAL LUTHERAN CHURCH, near Indagabey Str. Tel: 3261-3740. Worship Service 9:30 a.m. Sundays. TOKYO UNION CHURCH, near Choshi-cho subway Sta. Tel: 3400-0067. Worship Services Sunday 8:30 & 11:00 a.m. SS at 9:45 a.m.</p>	<p>EUROPEAN BAPTIST CONVENTION</p>	<p>MADRID</p> <p>EMMANUEL BAPTIST MADRID, HERMANDEZ DE TEJADA 2, ENGLISH SERVICES 11 a.m. & 7 p.m. Tel: 407-4347 or 302-3017.</p>	<p>JERUSALEM</p> <p>LUTHERAN CHURCH of the Redeemer Old City, Munster Rd. English worship Sun. 9 a.m. All are welcome. Tel: (02) 261-048.</p>
<p>USA</p> <p>If you would like a free Bible course by mail, please contact: "LELUSE OF CHRIST", P.O. Box 513, Sauratown, Indiana 47881 U.S.A.</p>	<p>BARCELONA</p> <p>I.B.C. For information about services and Bible studies call pastor Liane Borden, 439 50 55.</p>	<p>PARIS</p> <p>BETHLE. I.B.C. Am Deichting 39, Deikant a.m. Sunday worship 11:00 a.m. and 6:00 p.m. Dr. Thomas W. Hill, pastor. Tel: 659-549699.</p>	<p>PARIS</p> <p>AMERICAN CHURCH IN PARIS, Wilmshurst 11:00 a.m. 65, Quai d'Orsay, Paris 7, Bus 63 at door, Metro Alma-Mareau or Invalides.</p>
<p>THE EPISCOPAL CHURCHES OF EUROPE (Anglican)</p>	<p>BERLIN</p> <p>I.B.C. BERLIN, Rotherberg Str. 13, (Siegfried), Bible study 10:45, worship at 12:00 on Sunday. Charles A. Warford, Pastor. Tel: 030 774 4670.</p>	<p>PARIS</p> <p>BETHLE. I.B.C. Am Deichting 39, Deikant a.m. Sunday worship 11:00 a.m. and 6:00 p.m. Dr. Thomas W. Hill, pastor. Tel: 659-549699.</p>	<p>VIENNA</p> <p>VIENNA COMMUNITY CHURCH, Sunday worship in English 11:30 A.M. - Sunday school, nursing, information, all denominations welcome. Dorfstrasse 16, Vienna 1. Tel: (01) 265525.</p>
<p>PARIS AND SUBURBS</p> <p>THE AMERICAN CATHEDRAL OF THE HOLY TRINITY, Sun. 9 & 11 a.m., 10:45 a.m. Sunday School for children and Nursery care. Third Sunday 5 p.m. Evensong 22, avenue George V, Paris 75008. Tel: 331 47 00 17 95. Metro: George V or Alma Marceau.</p>	<p>BONN/KÖLN</p> <p>I.B.C. OF BONN/KÖLN, Rheinufer Strasse 9, Köln. Worship 1:00 p.m. Calvin Hogue, Pastor. Tel: (02236) 47021.</p>	<p>PARIS</p> <p>BETHLE. I.B.C. Am Deichting 39, Deikant a.m. Sunday worship 11:00 a.m. and 6:00 p.m. Dr. Thomas W. Hill, pastor. Tel: 659-549699.</p>	<p>ZURICH</p> <p>INTERNATIONAL PROTESTANT CHURCH English speaking, worship service, Sunday School & Nursery, Sundays 11:30 a.m. Schwarzenbergstrasse 25, Tel: (01) 265525.</p>

2 European Zones Agree to End Border Controls

Agence France-Press

BRUSSELS — Europe's two free-circulation zones, the Nordic Union and the Schengen group of European Union states, agreed Friday on the terms for an effective merger, clearing the way for abolition of border controls from the Mediterranean to the Arctic.

Ministers from the Nordic states and Belgium, which holds the presidency of the 10-nation Schengen group, adopted a memorandum setting out a framework that will allow Denmark, Finland and Sweden to be fully integrated into the Schengen zone without sacrificing a 40-

year-tradition of open borders with Norway and Iceland.

Bjorn Westh, the Danish justice minister, said Friday's agreement made a merger of the two passport-free zones only a matter of time.

"We have achieved a significant breakthrough today," he said. "You can never say never, but politically I now think there is no way back."

Under the framework agreed on Friday, Norway and Iceland, which as non-EU states cannot become full signatories of the Schengen Convention, will become associate members, acquiring the same obliga-

tions as the other Schengen states all of the same rights.

They will be expected to external borders on behalf of states in the zone, harmonize asylum policies and increase on fighting cross-border crime.

They probably will not be part in the decisions of the Schengen committee. The exact arrangements will be one of issues to be resolved once negotiations on Norway and Iceland begin in September.

CORRECTION

The photo that was supposed to show Prime Minister Maris Gailis on page 19 of the Latvia sponsored section (June 9) was incorrect. We regret the error.

TRAVEL UPDATE

Air Traffic in Italy Hobbled

ROME (Reuters) — Air travel in Italy remained chaotic but was improving slightly Friday after two days of wildcat strikes by Alitalia pilots who called in sick.

Alitalia said that very few pilots reported sick at Fiumicino airport outside Rome on Friday morning, but that the backlog and confusion from the strike had forced the airline to cancel 102 of 156 flights. Of the canceled flights, 57 were domestic and 45 were international. Foreign airlines have not been affected.

The strike stranded thousands of passengers, many waiting for two days to leave, and prompted a government back-to-work-order. The chaos began after nearly 100 pilots reported sick at the last minute, a tactic designed to sidestep laws that require advance notice for strikes. The pilots are protesting an Alitalia restructuring plan that includes the loss of 1,600 jobs from the fleet's 20,000-member work force.

Scandinavian Airlines System pilots accepted a new wage offer from management early Friday, ending all further strike actions. Most SAS flights were grounded for one day last week and two days this week when the pilots walked out and the management responded with a lockout. The pilots had threatened to strike also on June

26 and 28 if no new wage agreement reached.

Americans in Guinea were warned State Department to be especially avoid large gatherings and nonessential demonstrations, perhaps violent, since Guinea's three largest opposition groups announced on June 14 the electoral process and their n seated in the National Assembly, ment said in a statement.

The tomb of Queen Nefertari, on beautiful in Egypt, is to open to the nine years of restoration, the country's department said Friday. The b Ramesses II's favorite wife, discover the southern town of Luxor, has a public display but will open in the n the department said.

Britain has cautioned its nationals ing Sri Lanka after four bomb blast within a week.

A bitter wage dispute in India be pilots and senior cabin crew, not continued to disrupt domestic flight Airlines on Friday. Airline officials scheduled flights had been disrupted for several days.

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POLITICAL NOTES

Gingrich Discusses Racial Issues

WASHINGTON — In a free-wheeling discussion with black journalists, the House speaker, Newt Gingrich, Republican of Georgia, has offered a series of often provocative opinions on race and racism.

In a session sponsored by a conservative magazine in Houston, National Minority Politics, he acknowledged it would be a lie to tell children that America is colorblind. But he said Thursday that poor blacks' failure to achieve was partly the result of their "habits." He also said blacks had little entrepreneurial tradition and said the civil rights movement had become more focused on filing grievances than on promoting economic opportunity. (WP)

Dole: The Networks' Friend

WASHINGTON — Two weeks after denouncing Hollywood executives in general and Time Warner Inc. by name for peddling movies and music rife with gratuitous violence and sex, the Senate majority leader, Bob Dole, emerged this past week as a good friend of the networks and cable conglomerates.

During four days of debate on telecommunications legislation that the Senate passed Thursday, the Kansas Republican worked hard to turn votes in favor of the media giants. He urged senators to reject a regulatory plan to limit violence on TV shows.

He favored deregulating cable rates, and he was instrumental in easing limits on the number of stations networks can own.

In his Hollywood speech on May 31, Mr. Dole warned that popular music, films and television were "bombarding our children with destructive messages of casual violence and even more casual sex." (WP)

Admiral Resigns as CIA Deputy

HALIFAX, Nova Scotia — Admiral Bill Clinton has accepted the resignation of Admiral William O. Studeman as deputy director of the Central Intelligence Agency, expressing regret at his departure but gratitude for his more than three decades of service to the United States.

Admiral Studeman's resignation had been anticipated for some time. And Mr. Clinton had already nominated George Tenet, now senior director for intelligence affairs at the White House National Security Council, and former staff director of the Senate Intelligence Committee, to succeed Admiral Studeman.

He served as the CIA's acting director between the resignation of James Woolsey in January and the confirmation of former Deputy Defense Secretary John Deutch for the job last month. (AP)

Wilson Says He'll Run

LOS ANGELES — Governor Pete Wilson, whose presidential ambitions have suffered from persistent throat problems and a series of political missteps, has declared he is a candidate for the Republican nomination and launched a campaign tour through Florida and Iowa.

After two months of recovering from minor vocal chord surgery, Mr. Wilson told 600 Republicans in a telephone conference call on Thursday, "Let there be no doubt in anyone's mind that I am running for president." (WP)

Quote/Unquote

Senator Dianne Feinstein, Democrat of California, at a Senate subcommittee hearing on the burgeoning militia movement, expressing concern about reports of militia members stockpiling weapons: "I see nothing in the constitution that provides for these kinds of private armies." (AP)



O.J. Simpson putting on one of the bloodstained gloves found by the Los Angeles police and entered as evidence.

After Struggle, the Gloves Fit Simpson
'Too Tight,' He Says, and Defense Claims a Victory

By Kenneth B. Noble
New York Times Staff Writer

LOS ANGELES — The bloody gloves that have become part of the folklore of the O. J. Simpson trial dramatically became its focus as Mr. Simpson struggled, and finally succeeded, in pulling them on in front of the jurors.

"Too tight, too tight," Mr. Simpson muttered. But after a few moments in which the gloves appeared too small for his hands, which were already clad in latex medical-style gloves, he squeezed the leather ones on. They appeared snug and the fingers had room to spare at the top.

Prosecutors had sought to prove that the extra-large size gloves, which they claim were used by the killer of Nicole Brown Simpson and Ronald L. Goldman last June, were a neat fit on the hands of the former football star. They appear to have only partly succeeded, however, because of the apparent effort it took Mr. Simpson to get the gloves on.

Outside the courtroom on Thursday, Johnnie L. Cochran Jr., the leader of the defense team, said the prosecution had made a strategic mistake by insisting that Mr. Simpson try on the gloves.

"What the jury saw was that Mr. Simpson couldn't put those gloves on because they're too small," Mr. Cochran said. "You saw, he couldn't get them on."

There's no two ways about it," he added. "I think it was an important day for us."

But Laurie Levenson, a professor at Loyola Law School here, said, "In my opinion, they were snug, but they were on his hand."

Sniff, Ms. Levenson pointed out, because spectators, and probably the jury, had disagreed about whether the gloves fit, "this could be the prosecution's worst nightmare."

"Instead of really sealing their case," she declared, "it gave them a new hurdle to overcome."

The unusual courtroom demonstration, the first time that Mr. Simpson has touched any of the hundreds of items of evidence that prosecutors have introduced, came after a merchandise buyer for Bloomingdale's testified that during a December 1990 visit to the New York department store, Mrs. Simpson bought a pair of brown, extra-large Anis Isotoner leather gloves.

The testimony by the buyer, Brenda Vemich, fell short of saying outright that the gloves bought at Bloomingdale's were the same as the bloody glove found on a secluded path at Mr. Simpson's home, or another glove found at the crime scene.

But that seemed to be the impression that Christopher Darden, the prosecutor who questioned Ms. Vemich, meant to leave with the jury.

Before Ms. Vemich took the stand, Robert Shapiro, another of Mr. Simpson's lawyers, completed his cross-examination of Dr. Lakshmanan Sathyavagiswaran, the Los Angeles County coroner.

Mr. Shapiro's cross-examination was largely preempted by direct examination of the coroner, who prefers to be known as Mr. Lakshmanan.

He admitted that the coroner who conducted the autopsies, Dr. Irwin Golden, had made mistakes.

Mr. Shapiro fired some final salvos, second-guessing the coroner on virtually every aspect of his testimony, including that the fatal knife wounds were inflicted by right-handed person.

Mr. Shapiro also tried to suggest that the injuries on Mr. Goldman's body indicated a fierce struggle with his assailant and that the attacker would have had to sustain injuries himself in the process.

Earlier in the trial, the jury saw pictures of Mr. Simpson the day after the killings, showing that he had only one injury, a cut on one finger.

"I don't think he fought the attackers in the manner you're portraying," Mr. Lakshmanan told the defense lawyer. "I think Mr. Goldman was mainly ducking, twisting, turning and backing when these injuries took place. In my opinion, he was rapidly incapacitated. He didn't have a chance."

Clinton's Balanced Budget Conversion Leaves Skepticism

By Adam Clymer
New York Times Staff Writer

WASHINGTON — The Democratic anger and the Republican olive branch over President Bill Clinton's conversion to the balanced budget faith proceed from a shared disbelief.

Almost no one on Capitol Hill thinks the president has become convinced of the economic or fiscal necessity of a balanced budget.

NEWS ANALYSIS

anced budget. Almost everyone thinks he suddenly produced a plan to balance the budget in 10 years because he thought it was in his own political interest.

Though the shock was wearing off, many grumbled. Representative Patricia Schroeder, Democrat of Colorado, said: "I don't think he has even thought about Democrats over here. He's thinking about himself and presidential politics."

A Democratic leader, insisting on anonymity, said Mr. Clinton "has no rudder." And Representative Robert L. Livingston, the Louisiana Republican who heads the Appropriations Committee, said he did not think Mr. Clinton held any deep beliefs.

The position of the House speaker, Newt Gingrich, Republican of Georgia, was that the president's change should be welcomed as an act of bravery, considering Democratic complaints. But the depth of his hope for negotiation was shown when he offered Wednesday to let Mr. Clinton's new plan come up for a vote.

What a deal! That is a vote Mr. Gingrich knows his side would win. Republicans have won 99 percent of House roll calls, and this one would be the most controlled of the year.

The speaker's longtime ally, Representative Robert S. Walker, Republican of Pennsylvania, chuckled at the word "con-

version," and said that all Mr. Clinton was doing was maneuvering to say that he was now a "player" and to claim credit next year after Republicans forced him to sign their legislation setting a seven-year path toward a balanced budget.

Mr. Gingrich said Thursday afternoon that he might not learn until Friday how Wednesday's meeting between Republican budget chairmen and administration budget officials

had gone. Late Thursday a Republican Senate adviser, said of the president's plan, "We still think it falls short of the goals" set by Republicans. Except for a few Democratic true believers who insisted the president had only seen the light they had seen long ago, most Democrats saw Mr. Clinton's move as purely political. They said they expected Republicans to be pleased for a few days and then discard the president's proposals. Some said Mr. Clinton

would thus be freed to attack Republican cuts more effectively than if he had not shifted.

Senator John B. Breaux, Democrat of Louisiana and a balanced budget advocate, said, "The president has been reborn." But he stressed the politics in the shift: Mr. Clinton's ability to argue that his budget plan would cause less pain than the Republican approach.

But to Mr. Breaux's left, a deep vein of doubt was ex-

posed. The doubt was not about Mr. Clinton's sincerity — they wrote that off — but about his political skill. Mrs. Schroeder said Mr. Clinton was out-matched by the Republicans.

And Representative Jim McDermott of Washington said that his fellow Democrats in the House would try to ignore the president and go back to attacking Republicans over deep Medicare cuts, even though Mr. Clinton's acceptance of lesser cuts made that more difficult.

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AMERICAN TOPICS

Puffing by the Clock Helps Smokers Quit

Smokers trying to quit may have a far better chance of success if they let the clock tell them when they may have a cigarette, according to a study by the University of Texas cancer center at Houston.

Participants in the study followed a daily smoking schedule with progressively longer delays between cigarettes before they quit altogether. They were twice as successful in kicking the habit as long-term smokers who cut back without such a schedule or quit cold turkey.

"They're still going to get to smoke, they're just not going to get to smoke when they want to smoke," said Paul Cinciripini, director of the research team.

By repeatedly putting their nicotine urges on hold for manageable periods, smokers gain practice and self-confidence for when they quit altogether, Dr.

Cinciripini said. He and others report the study in the June issue of the Journal of Consulting and Clinical Psychology.

Short Takes

Relief is at hand for elderly people and other grownups who struggle with caps that keep medicines and other hazardous substances safely away from children. The federal Consumer Product Safety Commission voted unanimously to require that future child-resistant tops be made so that adults will have an easier, less frustrating time getting them off. Regulators say the new caps will actually be safer for children. It seems that many people who had trouble with the caps, notably grandparents, just left them off altogether, even with children in the house. Poisoning deaths of small children have declined from about 450 a year to about 50 since the Poison Prevention Packaging Act was enacted in 1970, the commission said.

Parents who are worried about sending their offspring to colleges where the New Permissiveness holds sway can be reassured; many institutions now set aside all or part of a dormitory floor as the Wellness Floor, open only to students who choose to live there. No alcohol,

tobacco or drugs are allowed. Students sign an agreement to live by the rules of the floor or get student lodgings elsewhere. Usually, Wellness Floors house students who have the highest grade point averages in the college.

"Crimson Tide," the new submarine film starring Gene Hackman and Denzel Washington, got oo cooperation from the U.S. Navy because the climax is a Caine-type mutiny. However, the navy unwittingly helped out last March, according to Entertainment Weekly, when director Tony Scott learned that the very sub featured in the film, the U.S.S. Alabama, was to sail out of Pearl Harbor that week. There is no law against photographing naval vessels, so Mr. Scott and his crew flew out to Hawaii in time to catch the Alabama when it weighed anchor at dawn. Director and camera crew chased the submarine by yacht and helicopter for six miles (10 kilometers). The skipper told them to get out of the way, then tried to outrun them. Mr. Scott recalls, "He finally submerged, which is just what we wanted him to do."

Gem of the Day, from the Ann Landers advice column: To get back on your feet, miss two car payments.

International Herald Tribune

Investing in Infrastructure
Iguaçu, Brazil

November 27th and 28th 1995

An invitation to meet business, finance and government leaders from Argentina, Brazil, Paraguay and Uruguay to discuss the wide array of ambitious infrastructure projects

The International Herald Tribune, in co-operation with the Inter-American Development Bank and the Institute for European-Latin American Relations, is convening a timely conference on "Mercosur: Investing in Infrastructure." The conference will take place in Iguaçu, Brazil, on November 27-28, 1995 and will offer an exceptional forum for foreign investors wishing to profit from Mercosur's vast potential.

This major international gathering will focus on the extensive business opportunities for foreign investors, especially those offered by the wide range of ambitious infrastructure projects throughout Argentina, Brazil, Paraguay and Uruguay.



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For full program details, or information about remaining sponsorship opportunities, please contact Fiona Cowan: International Herald Tribune Conference Office, 63 Long Acre, London WC2E 9LH Tel: (44 171) 836 4882 Fax: (44 171) 836 0717

Away From Politics

• Fires sparked by lightning blazed across thousands of acres of land in New Mexico and Arizona. The biggest, about 120 miles (190 kilometers) northwest of Phoenix, Arizona, scorched nearly 10,000 acres. (AP)

• One person in a Taiwanese group climbing Mount McKinley in Alaska is dead, and rescuers were trying to get six more down the mountain safely, the National Park Service said. It was not immediately known why the group ran into trouble as it moved toward the summit of McKinley, at 20,320 feet (6,215 meters) the continent's tallest peak. (AP)

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Also Held Hostage: Moscow

Chechen Attack Belies Promises of War's End

By Margaret Shapiro
Washington Post Service

MOSCOW — For six months, the war in Chechnya has been a disaster, but more or less contained one, geographically and politically. But the surprise attack Wednesday on a provincial Russian town, apparently by Chechen rebels, was a clear sign that a war Russian leaders had hoped they had quelled with tanks and troops was not going away.

Television footage from the streets of Budennovsk shows scenes that had previously been confined to Chechnya itself: tanks in the streets, military helicopters whirling overhead, soldiers

NEWS ANALYSIS

darting along buildings and corpses lying unclaimed in the street. Russians were confronting a nightmarish scenario that the government had said would not happen: a widening of Chechnya's separatist struggle into a guerrilla war in the Russian heartland.

For President Boris N. Yeltsin, the attack on Budennovsk poses serious political risks at a time when his political standing has plummeted. The Chechen war has been unpopular, not only because so many soldiers and civilians have been killed, but also because many here believe that Mr. Yeltsin, tired and increasingly isolated, is unable to solve problems without force.

Most Russians have grown sick of the conflict, of the gory footage of maimed bodies, burning buildings and wailing mothers. The government had promised that the worst was over, the battle against "armed illegal formations" and "bandits" was all but finished and normalcy was returning. Budennovsk proves that those claims, like many over the last six months, were premature.

Mr. Yeltsin, in a statement issued in his name Thursday, urged Russians to remain calm and promised to find out why "those who are responsible for maintaining law and order allowed the situation to get out of control."

But the Budennovsk attack also provided some opportunity, officials believe, to claim the moral high ground in a struggle that has tar-

nished Mr. Yeltsin and Russia severely — perhaps irreparably — in the West.

Russia justified its massive use of force in Chechnya and the thousands of deaths that resulted by saying that the republic, which unilaterally declared its independence in 1991, had become a haven for terrorists, drug traffickers and organized crime.

But as Russian tanks and fighters bombed the Chechen capital, Grozny, into rubble and troops rampaged through villages forcing Chechen rebels into the mountains, few in the West were sympathetic to Russia's claims.

Western leaders warned Russia that it was using excessive force, committing human rights abuses and jeopardizing its new standing in the West. Russia's application for membership in the Council of Europe was put on hold as President Bill Clinton, Chancellor Helmut Kohl and others pressed Mr. Yeltsin to negotiate with the Chechen leader, Dzhokhar Dudayev, who is now in hiding, and reach a settlement.

As Mr. Yeltsin flew to Canada to join leaders of the world's seven major industrial nations at a summit meeting, his aides made it clear that Chechen rebels must now be seen by the world as mere terrorists. They pointed to dozens of deaths in Budennovsk, to the terrorized town and the hundreds of hostages still being held by rebels there and said, essentially, "See, we told you so."

The Interfax news agency quoted a member of the Yeltsin entourage at the G-7 meeting in Halifax, Nova Scotia, as saying that while the issue of Chechnya was certain to be discussed at the session, it would be counterproductive "to spend too much time on that problem."

Mr. Dudayev, who had warned that rebels might use "other methods" to strike back at Russia for its assault on Chechnya, disavowed the attack and hostage-taking. The leader of the armed men holding hostages in Budennovsk said they had acted on their own initiative, to force Russia to withdraw from Chechnya.

But a Yeltsin spokesman, Sergei Medvedev, said no one should be confused.

"This action was painstakingly planned, in particular by Dzhokhar Dudayev, who declared that there are other methods and means of conducting the war," he said. "It seems to me that by this act he has shown what these means and methods could be."



A Sarajevo woman taking cover on Friday as heavy fighting broke out around the city.

Yeltsin Urged to Join Bosnia Discussions At Halifax Meeting

By Alan Friedman
International Herald Tribune

HALIFAX, Nova Scotia — President Boris N. Yeltsin of Russia arrived here Friday night to join the Group of Seven annual summit meeting and was immediately pressed into a discussion of how best to cooperate on stopping the war in Bosnia, G-7 officials said.

Mr. Yeltsin, who is facing a crisis at home after Chechen fighters seized several hundred Russian hostages, was participating in his third G-7 summit, although he is allowed to take part only in political rather than economic discussions.

Michael McCurry, the White House spokesman, said at a news conference here that Mr. Yeltsin was "a valued participant in our discussions on Bosnia."

Russia is a member of the five-nation Contact Group that has attempted to mediate in the Bosnian conflict.

On Thursday night, at the G-7 meeting's opening dinner, President Jacques Chirac of France insisted that the leaders abandon their economic talks to focus on Bosnia.

With Bosnian government forces massing near Sarajevo and poised to engage Bosnian Serbian troops, the G-7 leaders issued an appeal to all parties to cease military operations and begin negotiations immediately.

The United Nations Security Council held a midnight meet-

ing Thursday and voted, 13 to 0, with Russia and China abstaining, to set up a rapid-reaction force for Bosnia.

Aside from Bosnia, Mr. Yeltsin was set to face a number of tough questions Friday from G-7 leaders during a dinner held by Prime Minister Jean Chretien of Canada.

A spokesman for Prime Minister John Major said the British leader would press Mr. Yeltsin on Russia's involvement in Chechnya.

"There is U.K. concern about Russian brutality," an aide to Mr. Major said.

Chancellor Helmut Kohl of Germany was also said to be eager to discuss the Chechnya situation, while Prime Minister Tomiichi Murayama of Japan wanted to discuss territorial disputes with Russia in the Kuril Islands.

Mr. Chretien was seeking a guarantee that reforms would go ahead in Russia, while also looking for information on plans for presidential elections in Russia next year, a G-7 official said.

Yeltsin Nearly Canceled

Mr. Yeltsin acknowledged Friday that he had almost canceled his trip to Halifax because of a hostage crisis in the southern Russian city of Budennovsk, Reuters reported.

"I doubted whether to go to Halifax at this moment," Mr. Yeltsin said, speaking before he left Moscow.

CHECHENS: UN Will Send 12,500 More Peacekeepers to Bosnia

Rebel Rejection

Continued from Page 1

has been killed or taken hostage.

Outside the police headquarters, people crowded five deep around the lists of dead, wounded, captured and missing. Women walked away weeping into their hands, and men locked their faces into somber, stoic gazes.

They directed their anger not only at the Chechens but also at the Russian government. They faulted Russia's leaders, President Boris N. Yeltsin and Prime Minister Viktor S. Chernomyrdin, for not coming to the town. Mr. Yeltsin is in Halifax, Nova Scotia, where he has joined the summit meeting of seven leading industrialized nations, and Mr. Chernomyrdin is in Moscow, where he said he is managing the crisis from the capital.

The Russian Parliament, apparently dismayed by what it viewed as the negligent handling of the crisis, called on President Yeltsin to fly home immediately.

Aidid Joins List Of Presidents

The Associated Press
MOGADISHU, Somalia — General Mohammed Farrah Aidid has been proclaimed president of Somalia by a conference of his supporters. The action was likely to be largely ignored by the international community and rejected by the warlord's many opponents.

Earlier, General Aidid was expelled as chairman of the United Somali Congress by members of his own Habre Gedir clan, led by Osman Atto.

Compiled by Our Staff From Dispatches

UNITED NATIONS, New York — Struggling to rebuild a mission that is near collapse in Bosnia, the Security Council voted Friday to expand its peacekeeping force by up to 12,500 soldiers, including heavily armed rapid-reaction brigades.

The vote on the resolution was 13 to 0, with Russia and China abstaining.

But the issue of financing for the new troops was left open, with the chief U.S. delegate, Madeleine K. Albright, saying that Washington would not pay 31 percent of the force as is usual for peacekeeping missions.

The midnight meeting of the council was called by France and came after repeated delays by the United States.

France and Britain, which

have had peacekeepers held hostage by Bosnian Serbs, have been pushing aggressively for the creation of the new force to add muscle to the UN mission, which currently has about 22,000 peacekeepers.

But Mrs. Albright said Washington was "not now prepared to pay the lion's share of the cost of expanding this force."

She suggested that troop contributors could pay for their own soldiers or that a voluntary fund could be established to help finance the mission.

President Bill Clinton said at the Halifax summit meeting Friday that he thought the United States should pay a share of the funding, but that he also thought part of the money could be raised through "voluntary contributions" by other countries.

"I believe the U.S. should

pay a share of this. I support that," he said, adding: "I will do my best to help to argue that case in Congress."

Mr. Clinton also said he would favor lifting the arms embargo on Bosnia's Muslim-led government if the peacekeeping troops were pulled out.

"If the U.N. mission does fail, if our allies decide to leave, I would strongly support lifting the arms embargo," he said. "It is our best alternative at this moment."

But Mr. Clinton added that he could not support such a step as long as UN troops remained in Bosnia.

In Washington, Republican leaders in Congress told Mr. Clinton Thursday that they would go along with the establishment of the UN force but would not help to pay for it.

In a letter to Mr. Clinton, Senator Bob Dole, the majority leader, and the speaker of the House, Newt Gingrich, said: "It is the right of these governments to take measures necessary to protect their soldiers."

But the letter demanded that the Security Council make two points crystal clear: that only those countries that want to do so, and that no American financial or military obligations will result from the resolution.

At the United Nations on Thursday, President Jacques Chirac of France told reporters that he had received assurances from Mr. Dole and Mr. Gingrich that they would support the new force despite the dispute over financing.

The congressional leaders said they had come away from a

meeting with Mr. Chirac convinced that the United States would not have to pay for the force.

Mr. Chirac also told Mr. Clinton and other officials that he had told the two lawmakers he preferred financial support, but that he would "do it on his own" if this proved impossible, a senior administration official said.

But Mr. Chirac was so eager to win swift passage of the Security Council resolution and to deploy the new troops that he may have promised more than he can deliver.

He apparently told the British government that he had made no commitment to the Republican leaders to "do it on his own," American and British officials said.

(AP, Reuters, NYT)

FRANCE: Far Rightists Hope to Ride an Anti-Immigrant Wave in Voting in Local Elections

Continued from Page 1

20 years ago to take jobs that later disappeared, many of the remaining native-born French people here blame the immigrants.

It is to such people that Jean-Marie Le Pen, the leader of the National Front, appeals, and he won 15 percent of the national vote in his campaign for the

World Communists to Meet

The Associated Press
ATHENS — Communists from around the world will gather here over the weekend to discuss the causes that led to the collapse of an ideology that governed a large part of the world for more than 70 years.

presidency this spring, his highest national total in 30 years.

And when Pierre Lamher, 56, a Dreux bus driver, suffered a broken nose last week in an attack by three North African youths who tried to board without tickets, Mrs. Stirbois rushed to his side to be photographed consoling him.

Crime is not a problem in the schools, people here say. Groups of high school students walking down the streets in Dreux these days are often multiethnic — like one made up of Drame Karim, 14, whose family is from Senegal; Michael Benharon, 17, a Tunisian; Arham el-Hagragui, 16, from Morocco; and Bertrand Evain, 16, a French boy who wanted to

noted that his grandfather had come originally from Sicily.

Interrupted as they chatted together on the way home from school, they were asked what they thought would happen if Mrs. Stirbois wins on Sunday.

"It'll be a hot summer if she does," Drame said.

Christophe Mahin, a city official who works with youth groups in the housing projects, said he feared widespread unrest in the housing projects if the National Front won.

And it is in the projects that unemployment and juvenile delinquency are the greatest problems, with unemployment running 35 percent among young immigrants who live there, Mr. Mahin said.

The retiring conservative

mayor, Jean Hieaux, said his administration had spent about \$50 million to renovate the most dilapidated of the projects, a tower complex called Les Chamards that was built as private apartments for commuters to Paris.

Mrs. Stirbois is appealing to resentment over the money spent to rehabilitate Les Chamards.

"The city poured millions over the last few years into it," she said. "It's time to spend some money on things for the French citizens of Dreux for a change, like hiring more officers for the municipal police force."

Mrs. Stirbois became her party's candidate after her husband was killed in an automo-

bile accident in 1988, and she was elected as a deputy to the national legislature the next year with more than 60 percent of the vote. She was narrowly defeated in 1993.

Mr. Hieaux said he had some regrets about forming an electoral alliance in 1983 with Mrs. Stirbois to keep the Socialists from winning control of the municipal council.

"I regret having had to do it," he said.

This time, the Socialist Party and centrist opposition candidates for the mayor's office have withdrawn and urged their supporters to vote for the candidate of President Jacques Chirac's Gaullist party, who came in second to Mrs. Stirbois last Sunday.

DEPORT: The Welcome Mat Is Rolled Up for Vietnamese in Germany

Continued from Page 1

and their two children. But as hard as life is here, she believes it would be harder still at home. "Of course I'd like to stay here," said Mrs. Phuong. "My children attend German schools. My little one hardly speaks any Vietnamese. I don't want to start all over again in Vietnam."

Thousands of South Vietnamese boat refugees were given asylum by West Germany after the fall of Saigon in 1975; for the most part, these refugees are entitled to indefinite residence and form a large portion of the 60,000 Vietnamese living here legally.

On the other side of the Iron Curtain, perhaps 100,000 North Vietnamese poured into East Germany as students and contract workers willing to do manual labor in hospital laundries, heavy industry and the like — "jobs that were mainly hard or dirty, jobs that Germans didn't want," said Heiko Marquardt, Berlin's district commissioner for foreign affairs.

But for the workers typically earned \$900 marks a month (\$640), more than they might make in a year in North Vietnam, while paying only \$20 a month for dormitory rooms. Hanoi automatically collected 12 percent of all earnings, giving the government a source of hard currency.

With reunification, the arrangement ended. Bonn offered \$2,000 bonuses and free plane tickets home for those Vietnamese willing to go; more than 50,000 accepted the deal. But at least 15,000 others decided to stay, taking advantage of temporary residence permits valid for the duration of their contracts with East Germany.

Thousands of others have slipped back into Germany as illegal aliens or as asylum seekers, despite tough new legal standards that mean fewer than 1 percent of Vietnamese applicants will get political safe haven. They also have endured xenophobic skinheads whose periodic paroxysms of "Fiji bashing" — Asians are indiscriminately lumped together as "Fijis" in right-wing parlance — have left many Vietnamese wary of traveling alone at night.

"After the Wall fell, many businesses in East Germany went bankrupt, and the Vietnamese were the first to lose their jobs," Mr. Marquardt said. "As rents increased overnight from 30 marks a month to 300 or 400 marks, it became a matter of survival for many to sell cigarettes or fruit or clothes."

With Poles and Turks keeping a tight grip on much of the open-air market trade in Berlin, the Vietnamese found their niche in bootleg cigarettes. Often smuggled into Germany by

truck across the Polish border — sometimes, according to authorities, with the complicity of bribed customs inspectors — the untaxed cartons are then peddled for 25 marks (\$18), or half the cost of legitimate cigarettes.

An agile street-corner dealer can earn \$70 to \$140 a day, although he usually must pay a portion of the profits to organized gangs for his curbside turf. Competition among rival Vietnamese mafia groups has turned violent in the past year, with shoot-outs and executions rattling both Little Hanoi and German authorities.

The Federal Finance Ministry estimates that Bonn loses at least \$700 million a year in uncollected tobacco taxes.

Spiraling violence and smuggling spurred the German government to reach a repatriation accommodation with Vietnam.

Last year, the frustrated government of Chancellor Helmut Kohl froze export credits and suspended development aid. An apparent agreement in January collapsed amid renewed squabbling over how German financial contributions would be spent. In April, the deal was finally done: Bonn will provide \$142 million in development aid and Hanoi will repatriate 40,000 Vietnamese over the next five years, beginning with the first 1,500 later this summer.

Not least in Bonn's calculations is the realization that German firms have been slow to tap a market of 72 million Vietnamese with an economy growing by 10 percent a year. Mr. Kohl plans to visit Vietnam later this year. Daimler Benz has announced construction of a \$70 million bus factory in Ho Chi Minh City and relations appear back on an even keel.

As for Little Hanoi, many residents say they expect that deportations will do nothing except drive the cigarette trade deeper underground and force illegal immigrants to be more ingenious in avoiding the authorities. A certain nostalgia for the hygienic sweatshop days of Communist brotherhood can also be detected.

"I like the old days better," said Phan Hu Dat, 45, a Hanoi native who studied in East Germany for six years and later worked in a textile plant until losing his job in 1992. "The contacts between people were better, calmer. We could go anywhere. But after the Wall fell, the young Germans turned against us."

British Act in Gold Fraud

Reuters
LONDON — British policemen, acting on a tip from the FBI in Boston, have seized more than \$700 million worth of false gold certificates.

RECALL: Chinese Step

Continued from Page 1

action since ambassadors were first exchanged after seven years of tortuous diplomatic negotiations.

On Friday, China postponed a long-awaited high-level meeting with Taiwan. The announcement, made on the nationally broadcast evening news, said preparatory talks, scheduled June 27-29 in Taiwan, had also been postponed.

The meeting was to have been between Wang Daohan, chairman of the mainland's Association for Relations Across the Taiwan Straits, and Koo Chen-fu, chairman of Taiwan's Straits Exchange Foundation.

The meeting had been expected to occur in mid-July.

China has issued a string of increasingly vitriolic attacks in recent days, warning of further retaliatory action and telling the United States it was "playing with fire" that could cause serious consequences.

Beijing canceled several visits by American officials, called off a high-level military mission to the United States and postponed talks on missile controls in swift succession after Mr. Lee's visit was announced.

"The basis of the relationship between China and the United States has been damaged," a Foreign Ministry spokesman said last week. "And I believe that is really something grave."

Beijing's decision to recall its ambassador coincides with the scheduled departure this week of the U.S. ambassador, Stapleton Roy, before his successor had been appointed.

U.S. Embassy officials have said Mr. Roy's departure was a normal rotation and was not linked to the row over the visit to the United States by the Taiwan leader.

Beijing's Communist Party paper, People's Daily, warned Washington last week not to believe that China was too weak and dependent on U.S. business to retaliate over Mr. Lee's visit.

Jim Sasser, a former Democratic senator from Tennessee, is widely expected to take Mr. Roy's place as ambassador, but his appointment has not been formally announced.

(Reuters, AP)

BOSNIA: Supply Route Cut

Continued from Page 1

to go for broke and try to break the Serbian siege or consolidate their limited gains to increase pressure on the Serbs to stop the strangulation of the town. Finally, the officials said, they did not know if Croatian forces massing to the west of Sarajevo would enter the fray and fight side by side with the Muslims.

"We think they are pinning the Serbs down at a number of locations," said Lieutenant Colonel Gary Coward, spokesman for the United Nations Protection Force in Bosnia. "We think we're going to see several days of fighting at least."

Friday's fighting rocked the bowl-shaped capital, nestled in a mountain valley surrounded by the Serbs. Fighting erupted at dawn when Muslim troops began pushing north from the suburb of Gordanj toward Vozgoaca, a key Bosnian Serbian weapons production center, which lies on an important supply road leading to the Serbian-held suburb of Ildiza west of the city.

UN officials said Muslim troops appeared to have taken some territory on Lipa, a high bluff, and "may" have cut the Serbian supply road, called Route Python. But because the UN mission has no soldiers in the area, officials said they did not know for sure. If that road is cut, then Muslim fighters would have moved a big step closer toward turning Ildiza into an isolated enclave, a UN official said.

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Consumers Plan Boycotts Over French Tests

By Michael Richardson
International Herald Tribune

SINGAPORE — Although France will not resume testing its nuclear weapons in the South Pacific until September, the reaction is already starting to hit French commercial interests in the region, officials and business leaders said Friday.

As calls for consumer boycotts of French goods and services intensified in Australia and New Zealand, analysts said there was now a real possibility that a merger between the French insurance giant Axa SA and Australasian insurance group National Mutual Life Association Ltd. might not gain approval from enough policyholders to go ahead.

While the Australian government has ruled out trade sanctions against France, Bob McMullan, the acting foreign minister, said he thought that "a lot of citizens will be seriously considering whether they will make their personal protest through their purchasing decisions."

David Russell, chief executive of the Consumers Institute in Wellington, said that many New Zealand consumers

were likely to show their anger by ceasing to buy French products.

The vehemence of the public reaction in Australia clearly caught the government by surprise, forcing it on Friday to toughen its stance.

Mr. McMullan said Australia would not refuse French aircraft and ships heading for the test site. The government had earlier said it would freeze defense cooperation with France, which is only small-scale, at its existing level.

Clearly concerned at the outpouring of anti-French feeling, Geoff Tomlinson, National Mutual's chief executive, said in Sydney that policyholders should "divorce themselves from nationalistic or political issues and just say this is a fantastic deal."

Earlier in the year, Axa reached an agreement to buy a controlling interest in National Mutual for 1.1 billion Australian dollars (\$792 million).

The deal, which would be one of the largest foreign takeovers in Australia, is seen as a springboard for Axa into the fast-growing Asia-Pacific market and is vital to its ambitions to become a global insurer.

But the plan, which would inject much-needed capital into Australia's

second biggest insurer, has to be approved by 75 percent of policyholders in August — one month before the resumption of nuclear testing in French Polynesia.

Australian holders control 82 percent of the vote, and New Zealand holders control 18 percent.

"It's certain this decision is badly timed for us," said Caroline Desaeher, an Axa spokeswoman in Paris. "We've seen a somewhat Francophobic reaction in Australia and New Zealand."

In both countries, trade unions, the media and callers on radio talk shows are lambasting the nuclear testing decision announced by President Jacques Chirac on Tuesday. Consumers are being urged to boycott French cars, perfume, wine, food and other products in protest.

Robert Hill-Smith, managing director of S. Smith and Sons Pty Ltd., makers of Yalumba Australian wines and importers of Veuve Clicquot and Bollinger champagne, said that Mr. Chirac's decision would "undoubtedly affect the sales" of French goods.

After being accused by some of its key supporters, including trade unions, of responding too weakly to the French

decision, the Australian government also said Friday that the nuclear tests would be a factor considered in any future defense contracts with France.

Australia's tougher line followed New Zealand's announcement that it was suspending defense ties with France, canceling naval visits to France and reviewing potential arms purchases from France worth \$147 million.

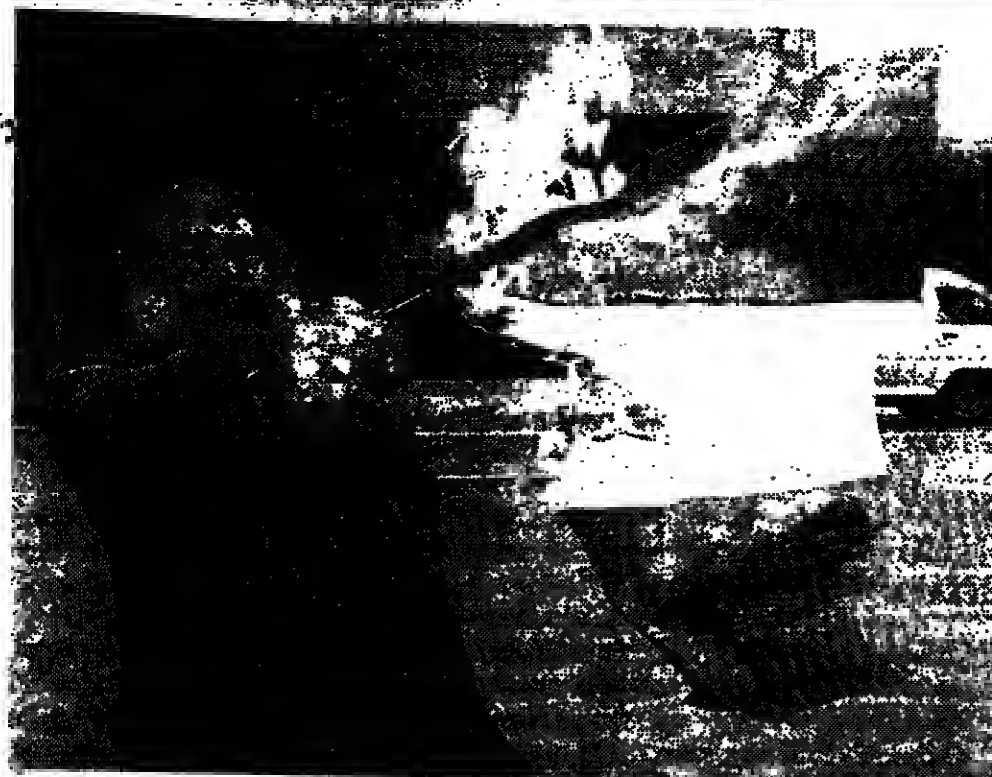
New Zealand officials said two French bids to supply military equipment were involved.

They said the French-German joint venture Eurocopter had been one of four firms invited to bid for a \$134 million contract to supply six helicopters for the New Zealand Navy.

Matra Defense SA of France is also competing with Hughes Aircraft of the United States to supply the army with surface-to-air missiles worth \$13 million.

The officials denied that either Eurocopter or Matra had been ruled out of negotiations.

However, analysts said that with public opinion in New Zealand running so strongly against nuclear testing, the government would clearly be gravely embarrassed if either offer was successful.



Nuclear protester burning a flag Friday at the French Consulate in Brisbane, Australia.

BRIEFLY ASIA

Charges to Be Filed in Piracy

HONG KONG — A Chinese national will be charged with piracy for the \$1.3 million robbery from a hijacked high-speed ferry earlier this week, a Hong Kong police spokeswoman said Friday.

The Macao police also recovered 4 million Hong Kong dollars (\$510,000) in cash and four guns and arrested one of their own officers in connection with the case, Hong Kong television reported. In addition, the Chinese authorities discovered a speedboat suspected of being the getaway boat and arrested one man, Chinese television reported.

The jetfoil en route from the Portuguese-run enclave of Macao to Hong Kong was hijacked Tuesday by three armed men, who forced the vessel to sail into Chinese waters. They were met by two accomplices in a speedboat and fled with a cash shipment of 10 million Hong Kong dollars being transported by a security company for a Chinese bank.

Tipped off by Chinese authorities that the culprits might be in Hong Kong, the police in the British colony arrested four people — including the 33-year-old Chinese national who is to be charged with piracy — on Thursday on board an airplane about to take off for Thailand. Two others were arrested in the territory, but all except the Chinese man are due to be released on police bail, the police spokeswoman said.

Sri Lanka Bombs Rebel Sites

COLOMBO, Sri Lanka — Thousands of Tamil civilians fled as government war planes bombed rebel targets and troops advanced into guerrilla-held areas in northern Sri Lanka Friday, the military said.

One soldier and six guerrillas were killed in the offensive in which troops supported by artillery and tanks moved two kilometers from the forward defense line in Palali in the northern Jaffna Peninsula.

By evening, the soldiers had returned to Palali, the biggest military base in the north. Intercepts of rebel radio messages indicated 26 guerrillas were also injured in the fighting, the military said.

VOICES From Asia

Makiko Tanaka, Japan's science minister, on France's decision to resume nuclear testing in the South Pacific: "France should do this in the Paris suburbs or somewhere else on its own territory rather than in the South Pacific, which is near other countries."

Chau Feng-chih, a member of Taiwan's governing Nationalist Party, on the secrecy surrounding Prime Minister Lien Chan's visit to Europe: "Lien had to leave by stealth because of China's diplomatic blockade. It's not something to be proud of, but we have no choice."

Flooding Maroons 500,000 In Bangladesh Monsoon

The Associated Press

DHAKA, Bangladesh — About half a million people were believed to be marooned in flash floods in northeastern Bangladesh following heavy monsoon rains, officials said Friday.

In neighboring India, a river swollen by rains washed away large swaths of land and rendered thousands of people homeless.

About 450,000 people were trapped in their homes in the Sunamganj district in Bangladesh, said Mohammed Kama-

uddin, deputy commissioner. He said many others in the adjoining tea estates of the Sylhet district were also confined to rooftops.

Hundreds of feet of railroad track have been washed away in Bangladesh and in the neighboring Indian state of Assam, officials said.

Railroad officials in two stations in the affected region, 180 kilometers (110 miles) east of the capital, Dhaka, have taken shelter in empty rail cars because the water flooded their offices, he said.

Exiled Tibetans Rebuff Beijing

The Associated Press

BEIJING — The exiled government of Tibet on Friday countered Chinese claims that its leader, the Dalai Lama, disregarded precedent in naming a 6-year-old boy as the reincarnation of the Panchen Lama, one of Tibetan Buddhism's highest officials.

Beijing said the Dalai Lama did not follow the practice of drawing lots hearing candidates' names. But the exiled Tibetans said lot-drawing was not always used.

Clinton Tiptoes Toward Hanoi

He Seeks Senate Support for Full Recognition

By Thomas W. Lippman
Washington Post Service

WASHINGTON — For the third time in his presidency, President Bill Clinton is facing a decision about whether to establish closer relations with Vietnam. The first two times, he went ahead, and there was hardly any political fallout.

But the subject still makes some White House aides nervous, and Mr. Clinton wants the cover of Senate approval before accepting the advice of some top advisers and establishing full diplomatic and trade relations with Hanoi, according to U.S. officials and pro-Vietnam lobbyists.

Key senators have urged Mr. Clinton to accept the recommendation of Secretary of State Warren M. Christopher to proceed to full ties with

Now the president is being urged to drop the final veil. Mr. Christopher's recommendation that he do so was based on a report by Assistant Secretary of State Winston Lord after a May visit to Vietnam that "there is evidence of very good cooperation." He added that "we continue to see very good progress" in efforts to determine the fate of 2,204 American servicemen still listed as unaccounted for.

Mr. Clinton said that "the Vietnamese have been quite forthcoming" with information about the missing servicemen. He said Mr. Lord's team brought back "a significant number of documents, which I am now having analyzed" to see if they meet the standards of cooperation he has laid down.

The Defense Department, however, has already reported that the new documents "will not result in the immediate resolution of any cases" and "do not include information indicating the current disposition" of the remains of Americans whose bodies were never found or "provide a credible explanation as to why the remains cannot be recovered."

Senators John F. Kerry, a Massachusetts Democrat and decorated Vietnam veteran who later turned against the war, and John McCain, Republican of Arizona, who spent nearly six years as a prisoner of war in Vietnam, are encouraging the president to accept Mr. Christopher's recommendation. According to congressional sources, they plan to seek a Senate resolution endorsing such a move to give the president the political cover some White House aides think he still needs.

It was a McCain-Kerry resolution calling for an end to the trade embargo, approved in a bipartisan 62-to-38 vote in January 1994, that opened the door for Mr. Clinton to lift the embargo the following month. Six senators who voted in favor of that 1994 resolution have departed, but a lobbyist who watches the issue closely said it is "not a given" that the Senate's newcomers will support Mr. Dole.

Mr. Kerry, Mr. McCain and others who support full normalization of relations have argued that experience of the previous reactions shows it would be politically safe for the president to take this final step.

BOOKS

GRAHAM GREENE:

The Enemy Within

By Michael Sheldon. 442 pages.
\$25. Random House.

Reviewed by
Jonathan Yardley

THOUGH several hundred pages of narrative are required to fill in the details, the subtitle of Michael Sheldon's life of Graham Greene just about says it all: Deep within this great writer lay "a heart full of darkness," behind whose novels lurked "the debauched connoisseur of brothels, the impassioned adulterer, the spy, the deceiver, the enemy of order." Sheldon's judgment borders on damnation:

"Greene was disloyal to the core, and the truth is that he often acted in a cruel fashion — in both word and deed. He planned and carried out deceptions and betrayals in both his professional and his private affairs, and these actions revealed, in varying degrees, his capacity for cleverness and wisdom, mischief and frivolity, vengeance and malice. His victims included members of his family and close friends, allies, as well as big governments, institutions and journalists. Some of his conduct was so subtle that the act of betrayal was never apparent to the vic-

tim. And because he was also capable of being a generous and entertaining companion, those who were close to him found it difficult to imagine that his belief in disloyalty and subversion could ever affect them."

Sheldon reaches this judgment not merely through a biographer's conventional researches into correspondence and other evidence of the quotidian life, but also through a reading of Greene's fiction that is at once extraordinarily close and riskily imaginative. "Greene's books explain him better than anything else," Sheldon writes. "The problem for the reader is to focus on them with the same intensity that he brought to writing them. And nothing can ever be taken for granted. With this particular author, cover stories are an art form."

In some respects Sheldon makes a powerful argument. He believes that when Greene was an unhappy teenager at his father's school, Berkhamsted, he attempted to hang himself in a potting shed and was saved by a gardener. This is a far less romantic actuality than the game of Russian roulette that Greene invented as part of his mythology, but Sheldon makes a persuasive case not merely for facts as he understands them but for their lasting resonance. "The

distant mother, the kind gardener, the escape to the pond and the island, the taste of freedom and fear in the Dark Walk, the shed and its pile of potato sacks, the dreadful image of the hanging figure — all these things haunted Greene for 40 years and more, and they are crucial to an understanding of his life and work."

Sheldon ventures onto slippery ground in contending that Greene, the celebrated "tough-talking, hard-drinking adventurer," had a secret homosexual in his closet. "From beginning to end the subject of homosexuality is an intrinsic part of Greene's work," Sheldon writes. He then goes on to suggest on the one hand that "talking about it took the place of engaging in it" and on the other hand that "he indulged in an occasional homosexual adventure at the Villa Rosaio [on Capri], usually with Italian boys who stayed with him on the island for a day or two." The evidence for all of this is pretty slender; perhaps Sheldon is closest to the truth when he says that Greene liked "to divide his attentions: a boy here, a prostitute there, another substitute by the fireside, a glamorous mistress hidden away."

Jonathan Yardley is on the staff of *The Washington Post*.



BILL GATES DOESN'T GIVE INTERVIEWS. TONIGHT ON NBC SUPER CHANNEL, HE DOES.

TONIGHT AT 20-30 CET. AMERICA'S RICHEST BUSINESSMAN REVEALS ALL.



HERALD TRIBUNE

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Whitewater's 'Needy'

To understand how a program to assist "socially or economically disadvantaged" companies can end up raiding the public treasury and abusing the public trust, the White House-ordered review of affirmative action programs need look no further than Little Rock, Arkansas, and the story of the now-defunct Capital Management Services.

This was an investment company licensed and financially backed by the U.S. Small Business Administration. A review of Capital Management's business dealings with some of President Bill Clinton's political friends will help explain how some well-intended programs to benefit the disadvantaged got a bad name.

Capital Management Services got its start in 1979 as a "specialized small business investment company," licensed by the Small Business Administration under David Hale, an Arkansas municipal judge. Subsidized with SBA funds to the tune of \$3.4 million, plus \$1.4 million from the Hale family, Capital Management Services was authorized by SBA to invest solely in disadvantaged small businesses.

The rules defining "socially or economically disadvantaged" were left vague by Congress in 1972, when the program was created.

But the Small Business Administration developed a borrower profile that drew on a composite of factors in determining eligibility. It included membership in a racial minority group, low income status, limited education, physical or special handicaps, location in "urban ghettos or depressed rural areas" or areas of high unemployment. Judge Hale added one of his own: He thought that

any resident of Arkansas was qualified to borrow, since it was one of America's poorest states. The SBA lost its entire investment in Capital, but the judge was true to his word. Consider who qualified as "socially or economically disadvantaged" under his scheme.

Stephen Smith—holder of a Ph.D., an Arkansas bank president, assistant to then-Governor Clinton in the late 1970s, longtime associate of Governor Jim Guy Tucker, and a doctor's son—got a Capital loan. Mr. Smith has just pleaded guilty in the Whitewater investigation to misapplying Capital loan funds.

Governor Tucker was indicted in connection with the same Capital loan program. As Capital borrowers, Jim Guy Tucker and Mrs. Tucker once listed their net worth as more than \$1 million.

Susan McDougal and her husband—President James McDougal of Madison Guaranty Savings and Loan, co-owners of Whitewater Development Corp. with the Clintons—got a Capital loan from Judge Hale, too. The McDougals' financial statement at the time of the loan showed a net worth of \$2.2 million.

General Accounting Office investigators found that millionaires were not the only Arkansians to make out well. In 1982 loans were made solely "to Caucasians, many with college degrees, some with earnings in excess of \$40,000," the General Accounting Office said. Judge Hale has pleaded guilty to his transgressions and is cooperating with the Whitewater special prosecutor.

Meanwhile, Mr. Clinton says he wants to know why programs for the "disadvantaged" are in trouble.

—THE WASHINGTON POST.

Look Closely at the Lobbies

Senator Alan Simpson is biding his time to investigate the American Association of Retired Persons, or AARP. The Wyoming Republican accuses the organization of abusing its tax-exempt status, wrongly claiming discounted postal rates, bilking its members on its health insurance and financial service plans and generally running the organization for the benefit of its employees rather than for its members.

Mr. Simpson may have a point. Last year the association paid about \$135 million in back taxes in a settlement with the Internal Revenue Service, details of which are not available to the public. The association's lobbying efforts, at least in some instances, seem geared primarily to advancing its business interests.

One example Mr. Simpson gives is its effort to pass legislation that would have created advantages for suppliers of mail-order pharmaceuticals, while running its own mail-order pharmaceutical business. Mr. Simpson contends that the organization supports its activities mainly through such commercial enterprises rather than through members' dues.

The senator's accusations could be leveled credibly at any number of lobbying organizations. He refers to the nickname of the association's headquarters in Washington—the "Taj Mahal"—and the \$286,000 salary of its ex-

ecutive director. Yet many lobbying groups operate from luxurious buildings and pay their executives big salaries.

The National Rifle Association is one such group, and it is now being audited by the Internal Revenue Service to find out whether it is guilty of improperly deducting income from commercial activities—one of the accusations Mr. Simpson has made against the retirees' association. The rifle association is also under suspicion of improperly using tax-deductible donations to its affiliated foundation to make campaign contributions to political candidates.

If the retirees' organization and the rifle association are possibly in violation of this range of rules and laws—from conflict of interest to day evasion to misuse of the Postal Service—other lobbying groups are probably guilty too. In singling out the retirees' group, Mr. Simpson opens himself to accusations of self-interest, since the organization opposes his efforts to make changes to the Social Security system.

Many lobbying groups provide commercial services, solicit funds from members, contribute to political campaigns, exempt themselves from paying taxes, get mailing breaks and influence pending legislation. Mr. Simpson could usefully broaden his investigation.

—THE NEW YORK TIMES.

Insult at the White House

Those uniformed Secret Service guards who donned rubber gloves to greet a delegation of homosexual elected officials shamed their service and embarrassed the White House they are supposed to protect. The guards presumably thought they were protecting themselves against the AIDS virus should any of the visitors be infected. But their actions revealed either a deplorable ignorance of how AIDS is spread, or a malicious determination to denigrate a group of respected officials who had been invited to the White House as a peace overture to the homosexual community.

The incident occurred on Tuesday as some 40 homosexual leaders arrived for a daylong conference with senior administration officials, including cabinet members and Vice President Al Gore. Several guards put on rubber gloves before inspecting the guests' bags and briefcases. One guard reportedly explained that they were using the gloves "for protection."

This was a ludicrous proposition. The AIDS virus is spread only through an exchange of bodily fluids, as in sexual intercourse or the use of hypodermic needles contaminated with the virus. It is not spread through casual contact, such as handshakes, touching an infected person, or inspecting an infected person's briefcase. Vice President Gore illustrated

that point by shaking the hands of every homosexual official he could find at the evening reception.

The White House and Secret Service expressed regret for the incident, and the Treasury Department, which has jurisdiction over the Secret Service, is investigating how it happened.

The offense clearly justifies stern disciplinary action. If this was an act of stupidity by low-level guards, then special training and administrative punishments seem in order. But if this was a calculated attempt to insult homosexuals, dismissal from the service is the only fit response. If Secret Service superiors sanctioned use of the gloves in advance, they, too, should be disciplined or dismissed.

That such an event should happen not in some benighted backwater but at the gates of the White House is a shocking reminder of how intolerant American society remains toward its homosexual citizens. The White House press secretary said that officials were "distressed" about the incident.

But this is a matter upon which President Clinton should speak for himself, as he surely would if foreign guests or members of an ethnic minority or religious group had been insulted in his house as a result of ignorance or malice.

—THE NEW YORK TIMES.

In the Brier Patch With Brer Clinton

By Jim Hoagland

WASHINGTON — The Republican spring offensive on foreign policy in Congress has forced the Clinton administration onto the defensive, much as Brer Fox "forced" Brer Rabbit into the briar patch. Like Uncle Remus's hare, the Clintonites are at home among the thorns. They thrive at defense, growing fat on defining who they are not, rather than who they are.

"He manages to keep all his options open till the last minute," a senior figure in past Republican administrations observed recently. His tone evoked awe for Mr. Clinton's political skills of evasion, mixed with dismay over the damaging strategic consequences of the president's ever shimmering policies. "He will be very hard for us to beat in '96."

Since Nov. 8, Mr. Clinton has survived on the political equivalent of bugs and grass. Though his response to the Oklahoma City bombing gave him a boost, the glow faded rapidly. The same will be true with the reflected glory Captain Scott O'Grady cast upon Mr. Clinton after escaping Serbian militiamen.

Otherwise Mr. Clinton has had to watch as the Republicans, driven by the energy of the new majority in the House, sought to whip domestic and foreign policy into line with their "Contract With America." Their effort sparked a useful examination of new national priorities.

But the Republican campaign for radical change in America's role abroad has created. The Republicans find themselves in a foreign policy thicket of their own, leaving Brer Clinton well-positioned to lead blame for potential disaster in Bosnia and other foreign policy headaches onto the kind of congressional micro-meddling that Republican presidents normally condemn.

House Republicans exulted on June 8 when they passed the American Overseas Interests Act, which would reorganize the foreign affairs bureaucracy, cut foreign aid, lift the embargo on arms to Bosnia and force the president to take actions he opposes. But there is a free-lunch quality about the bill, which will be cleaned up and diluted in the Senate, or vetoed by the president if it is not.

The speech explaining that veto will be an easy one to write. The presidential mandates that the Republicans would impose differ significantly from the foreign policy "meddling" that Democratic majorities engaged in under Presidents Richard Nixon, Gerald Ford and Ronald Reagan. The Democrats generally sought

to limit or stop controversial initiatives under way in Indochina, Iran or Central America. The Republicans order the president to do things he believes unwise, such as naming an envoy to Chinese-occupied Tibet or providing unlimited military aid to Taiwan.

On foreign aid: Instead of coming up with a radical new approach to a program whose effectiveness is far from clear today, or eliminating it entirely, the House Republicans lopped off vulnerable African countries and population control funding. Ironically, Majority Leader Richard Armitage and other habitual Republican opponents of any foreign aid endorsed this bill. Mr. Armitage urged his colleagues "to put some part of our treasure behind the dream of freedom and peace."

Mr. Armitage's appeal suggests that the responsibility of holding leadership is channeling Republican firebrands into Establishment ranks. So do the moderate comments on foreign policy that Mr. Gingrich made in his New Hampshire town meeting with Mr. Clinton. Another clue that the Republicans see little room for real gain against Mr. Clinton in 1996 on foreign affairs comes in the recently published paperback "Restoring the Dream," the House Republicans' sequel to "Contract With America."

"Contract" contained an impassioned chapter on national security and foreign policy. "Restoring" dusts those subjects off in a few familiar, scattered paragraphs on peacekeeping, defense spending and foreign aid.

The House bill will temporarily raise doubts abroad about the direction and durability of America's global engagement, while doing little to really change it.

It gives Mr. Clinton an opening to tar the Republicans as old-fashioned isolationists and to say he is not. Without defining his own commitment on Bosnia, which boils down to not committing U.S. troops in combat there, he can argue that the effect of their Bosnia policy is much worse.

The chance to veto this bill is in short a break for a president who needs to look more presidential and more committed to values larger than his own re-election.

Captain O'Grady did not set out to help Bill Clinton look presidential that day he climbed into his F-16 to patrol over Bosnia. Neither do the Republicans intend to bolster Mr. Clinton precisely in the area where he should be most vulnerable, foreign policy. But never underestimate this president's shimmering luck.

The Washington Post.



Blurred Vision of a 'Cheap Hawk'

By Owen Harries

WASHINGTON — Newt Gingrich's foray into New Hampshire gave Americans another reason to contemplate the possibility that he will be president someday. He has stated that he will not run in 1996, but the speaker of the House is nothing if not unpredictable.

While we have abundant information on Mr. Gingrich's views about domestic affairs, we know next to nothing about his thoughts on foreign policy. What we do know is not very reassuring.

In his address marking the new Congress's first 100 days, and on a later television appearance, the speaker summed up his foreign-policy position in one snappy line: "I'm a hawk, but I'm a cheap hawk."

This reflects the thinking of many of my fellow conservatives as they seek to reconcile instinct and Cold War habit with budgetary concerns. But the phrase raises serious questions. To declare oneself a hawk without any context to specify what one is being hawkish about is to substitute a posture of indiscriminate toughness for serious thought.

Does Mr. Gingrich mean that he is a hawk on relations with, say, Canada? Or Israel?

What, precisely, does it mean to be a hawk concerning the fu-

nure of NATO — support for its expansion or a ruthless determination to make Europe responsible for its own security?

And how does it translate into policy on Bosnia — ground troops in heavy bombing, a resolute turning away?

Mr. Gingrich's statement also raises the basic question of ends and means. To desire the end without being prepared to provide the means is one of the deadly sins of foreign policy.

A disjunction between ambition and resources — the attempt to sustain greatness on the cheap — is highly dangerous in terms of American lives and interests.

If one agrees with the uncharacteristically sweeping opinion of Richard Nixon that "because we are the last remaining superpower, no crisis is irrelevant to our interests," then one must provide the money to sustain that position. But if balancing budgets takes precedence, then that position should be abandoned for something more modest.

Though the Republicans insist they can cut the deficit without squeezing the Pentagon, policing the world will take ever greater military spending. Sooner, rather

than later, the pursuit of a balanced budget and the pretensions that go with superpowerdom will prove incompatible.

There is a deeper clash between Mr. Gingrich's hawkishness and his other beliefs. An intrusive foreign policy is fundamentally at odds with Republican calls to reduce the government. Such a foreign policy requires, and creates, a strong government with sweeping powers. Besides, hawkishness leads occasionally to war, which, more than anything else, has traditionally enlarged the sphere of central government.

Even if war never breaks out, allowing for its possibility and providing the resources necessary to pursue a hawkish policy invariably enhances federal power. It is said that it is a disease of the soul to be in love with incompatible things. In that sense, the cheap hawk is a sick bird.

Newt Gingrich is the most vibrant symbol of America's dominant party. He should now direct his formidable intellect to figuring out a foreign policy that is compatible with his, and his party's, philosophy of government.

The writer is editor of *The National Interest*, a foreign policy quarterly. He contributed this comment to *The New York Times*.

Bosnia: An Ever More Humiliating Cringe by the Great Powers

By Anthony Lewis

NEW YORK — The Western alliance, the greatest military and political force on earth, has cringed before a gang of nationalist terrorists. That is the meaning of recent events in Bosnia.

When the Bosnian Serbs took United Nations soldiers hostage, the West vowed to be strong. There would be no negotiations with the kidnappers. A new road, protected by a determined new force from NATO countries, would be built to get food to Sarajevo. Serbian blockades of relief convoys would not be tolerated.

All those firm words have evaporated. Sarajevo remains besieged, its food reserves exhausted; there will be no new road. No convoys are getting through to desperate enclaves in eastern Bosnia.

A chief UN accomplishment.

the exclusion of heavy weapons from zones around Sarajevo and other "safe areas," has effectively been abandoned. The Serbs have taken almost all the weapons from UN storage depots.

The UN mission is not just negotiating with the Serbs; it is begging. Its chief, Yasushi Akashi, scaled down UN force activity after a promise from the Serbian leaders to let some relief trucks through. He said this would "stabilize the situation." The Serbs immediately broke the promise.

The Serbs evidently have obtained an understanding that there will be no more NATO air strikes. They are now essentially dictating to a humiliated UN force.

The lesson is: Hostage-taking

works. Or it works with a Western alliance that does not have the will to resist ruthless aggressors in Europe. NATO, and most notably its American leaders, have turned their faces away from, among other things, one of the worst outrages in the Western world: the siege of Sarajevo.

When large numbers of Bosnian government troops massed this week for what looked like an attempt to break the siege, President Bill Clinton urged restraint. The Bosnians must allow more time for diplomacy to work, he said. But why will weakness bring success to diplomats who are already a plaything for the Serbs?

The reasons for the weakness are not military. Bernard Trainor,

a retired marine general now at Harvard, wrote recently in the *Boston Globe* that a proper Western military campaign with heavy air support would make "short work" of the Bosnian Serbs. Mr. Trainor is no hawk on Bosnia.

No, the weakness is in political leadership, most of all America's. President George Bush made the disastrous initial mistake when he shrugged off Serbian aggression against Croatia in 1991. Mr. Clinton promised much to Bosnia but has avoided any action that might actually stop the aggressors.

What drives Mr. Clinton's policy is not the need to stop the first genocidal aggression in Europe since the Nazis. It is not the wish to prevent humiliation of the Western alliance. It is the urgent desire, for domestic political reasons, to keep U.S. troops out of Bosnia. Mr. Clinton promised to supply up to 25,000 soldiers to help the UN forces withdraw if they decide to do that. So he is doing all he can to keep the UN mission going, however useless it is, however much it has to beg the murderous leaders of the Bosnian Serbs for permission even to supply its own forces.

The president says that Amer-

icans will not stand for U.S. involvement. But he has not told them what is at stake: a civilized country being ravaged in a war of aggression fomented by politicians maddened by power and nationalism.

President Jacques Chirac of France told the truth at a dinner of European leaders. When the Greek prime minister urged understanding of Serbs fighting for religion, Mr. Chirac said: "Don't talk to me of wars of religion. These people have no faith and know no law. They are terrorists."

The other day I had a letter from a Sarajevo man who fled to Germany. Dr. Milan Stern. He is Jewish, he said, and his wife, Lella, is Muslim. His 9-year-old daughter, Selma, said the Americans would save them. Dr. Stern wrote this small poem:

America
You my moonflights
You my Woodstocks
You regret.

Why make children
Dream of freedom
And then tell them
To forget?
The New York Times.

The Sort-of Recovery Isn't Over Yet

By Stephen S. Roach

NEW YORK — All economic recoveries have their moments of doubt. That is the case today in America.

The numbers have turned soft. They are highlighted by declines in industrial production, employment, home-building and car sales. The financial markets are again waging that the end of recovery is at hand.

The conventional wisdom is that the Federal Reserve has little choice but to cut interest rates to save the day. So the bond market has rallied and long-term interest rates have fallen.

But there is little to fear. Five months ago, the same bond players were convinced that the Fed would have to crumple a booming economy with sharply higher interest rates. Just as they were dead wrong, today's recession scare should ring hollow.

Yes, economic growth has slowed, but that is hardly surprising in light of the Fed's monetary tightening campaign in 1994. The central bank repeatedly raised interest rates to prevent a surging expansion from turning inflationary.

It is no coincidence that this year's slowing has been concentrated in autos and housing — sectors that always bear the

brunt of higher interest rates. But such corrections are not grounds for panic. They are the rule, not the exception. Every economic recovery since World War II has been interrupted by one quarter of declining gross domestic product, only to be followed by renewed expansion.

Temporary dips came and went largely because of consumer purchasing power — support that is now in place. Gains in disposable personal income (adjusted for inflation and taxes) are still growing at 3.6 percent a year.

American workers are undoubtedly puzzled about this debate. Real wages are stagnant. This decade is still about downsizing, longer workdays, white-collar shock and relatively limited job opportunities.

Yes, 7.8 million jobs have been created in the first 50 months of this recovery. But that is nearly 40 percent less than the average rate of employment growth in the first 50 months of the last two expansions. Productivity is up but worker morale is down.

The battles of Wall Street must seem alien to those living the great drama of Main Street. But there is a link. It is the most basic and powerful economic force of all: competition.

Reflecting the combination of accelerating trade, globalization of service industries and deregulation, the competitive stakes have never been greater. In response, the restructuring of corporate America is going forward with a vengeance. Yet out of this upheaval comes both hardship and hope.

For workers, the lack of job and income security has long kept them close to the fringes of the very recession that Wall Street now fears. But the rise in productivity and sharp reductions in labor costs help to control inflation and sustain corporate earnings — offering the resilience that should keep a full-blown recession at bay.

Unfortunately, a tough reality remains — that the line between recession and recovery has been blurred as never before.

The writer is chief economist and director of global economic analysis at Morgan Stanley & Co. Inc. He contributed this comment to *The New York Times*.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Isle for a Whim

BERLIN — A good deal of gossip is going on over the news that the artificial island in the Alster, which has cost the city of Hamburg over half a million marks, was constructed to please the whim of the Emperor's. His majesty in receiving a delegate from the city; said that when visiting them next he would take coffee on the Alsterinsel. "But we have no island in the Alster, sire," replied the delegate. So the poor city of Hamburg has been obliged to spend an enormous sum because its representative was a courtier.

1920: Defiant Prelate

SAN FRANCISCO — When the oceanic steamship Ventura, homeward bound from Sydney, was in Honolulu six days ago, the Roman-Catholic Archbishop Mannix, of Melbourne, refused to rise when the Royal Hawaiian band played the anthem "Amer-

ica" in spite of being asked to do so by other passengers. They then cabled the State Department an account of the incident. The Australian churchman said that he thought the British anthem was being played and for that reason he refused to stand.

1945: Son of Hitler?

LONDON — Repeated reports from Russia that Hitler is still alive are causing no little concern in some diplomatic quarters here. It is felt that if the rumor is persisted in, it may contribute in the future to something in the nature of a Nazi uprising. If Hitler, or a man masquerading as Hitler, should turn up in Germany after the war he may serve as a rallying force for a Nazi organization. Also, if the current rumor that Hitler had a child by Eva Braun is fostered, within twenty-five years a man claiming to be the son of Hitler might again be in the position to disturb world peace.



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ART

Liberation by Glasnost

By Andrew Solomon
New York Times Service

MUNICH — Not since the demise of mad King Ludwig has Bavaria seen a project of such magnificent and lunatic proportions as "Kraftmessen: Contending Forces."

This project, in five locations across Munich through July 30, is the culmination of a three-year dialogue between the most important figures of the Moscow vanguard art world and the Munich-based conceptualist painter Harald G. Oroschakoff. It includes more than 50 artists in three consecutive major exhibitions and a parallel program of secondary exhibitions, readings, performances, a symposium and a huge book.

There has been unrelenting high drama — lost artists, ruined work, missing materials. But Russian chaos gave way to German efficiency as the first three exhibitions opened to great acclaim this month.

It has been a long time since these artists' work was displayed like this. The unofficial art made by such underground Soviet artists as Ilya Kabakov and Komar and Melamid enjoyed a tremendous vogue in the early days of perestroika. In 1988, when it became possible for ordinary Soviet citizens to obtain exit visas, there was a rash of group shows across Western Europe and the United States for which artists traveled to install their own work.

In the last few years, however, Russian vanguard art has to some extent been marginalized, financing for grand exhibitions has been thin, and the visionary circle that kept the very idea of art alive in the darkest days of communism has fragmented.

Throughout the '70s and '80s, these artists saw themselves as guardians of the light who were constructing the framework for a viable moral existence in a profoundly degenerate society. Their work can be understood not by examining its appearance but by identifying the complex moral and visual techniques with which its high purpose is communicated. "Contending Forces" is one of the first projects to recognize this.

"Usually in the West, we have been exhibited because it was somehow PC, politically correct, to include the Russians in your shows," said Kostya Zvezdochetov, a Moscow conceptualist whose work is on view here. "And we were ourselves supposed to be PC, very in favor of democracy, hating communism, etc."

"We are, of course, not PC at all, because we are Russians, so that's a ridiculous idea. No, for us what is important is the spirit and vision of the work, and I think that in Russia it's possible to be mystically correct, MC, which is unusual in the West, and that we are very, very MC, and this is a very MC project."

"Contending Forces" has a tangled history. In the early '90s, in response to their abrupt immersion in Western art life, a group of Moscow artists set up the Apart International program. They invited to Moscow Westerners whose work they liked and let them live in their apartments and studios and immerse themselves in local art.

AMONG those who came was Oroschakoff, who had captured the imagination of the Russians by working on the subjects of Orthodox Christianity and Empire. Oroschakoff found in the vanguard an answer to his own eccentric sensibility and conceived of a "small exhibition" in the West. So "Contending Forces" began.

In the West, Russian curators have often been consulted but have seldom been given full responsibility for projects. Oroschakoff, who wished to celebrate rather than control the Russianism of the work, couldn't decide which of the three most important Soviet critics should curate the exhibition he had imagined, and so he invited Margarita Tupitsyn, Boris Groys and Viktor Miziano.

When Oroschakoff reviewed their plans and realized that some of the finest artists had fallen between the cracks, he hired the central hall of the Akademie der Bildenden Kunst (the room where de Chirico and Kandinsky first exhibited) and invited them to install whatever they liked in "Positions."

The organizers have had occasion for sustained hysteria. On Tuesday, May 30, for example, the last participants were due in Munich, and Oroschakoff and some artists went to collect them at the airport.

The Aeroflot representative said the plane was still in Moscow. He didn't know why. So they headed back to the Akademie, where the work from abroad had been delivered, and found much of it damaged.

The transportation company had put a bronze Lenin on top of several paintings and constructions, and the crushed work looked like an archaeological excavation. Ivan Chuykov's installation, on loan from a private dealer in Germany, had disappeared altogether.

Then Andrei Filippov mentioned that he would need, for his installation, seven large industrial spoils of the kind commonly found on the streets of Moscow. Such spoils are not found on the streets of Munich.

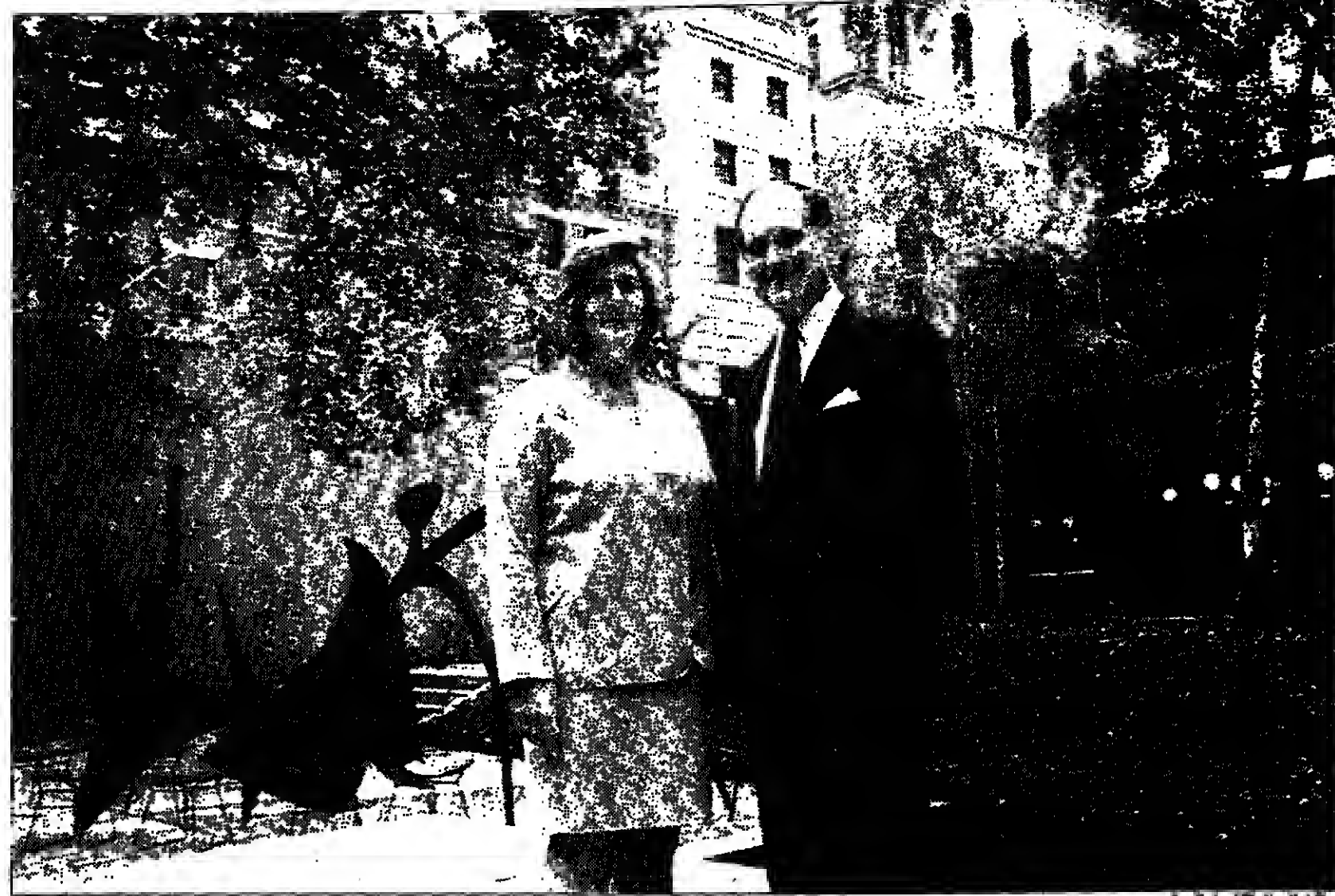
So while Oroschakoff and the artists repaired their work and Mrs. Oroschakoff issued press material and negotiated for insurance payment from the art transportation company, Diana Countess von Hohenheim, who was organizing a related drawing exhibition, got into her station wagon and set out to search with Filippov.

Near midnight Aeroflot suddenly said the flight would land within minutes. Oroschakoff jumped into his car, which had unfortunately been parked during a rainstorm with the roof open, and drove damply to the airport, where the plane was being held by the police because of some border formality.

When the artists finally arrived, they explained that Moscow was experiencing a heat wave and that the runway, constructed for Russian winters, had started to melt.

But meanwhile, someone had found the missing Chuykov piece. Leonid Sokov had rebuilt his shattered sculpture, other artists had addressed the damage to their work, and Diana von Hohenheim had hung her drawing exhibition and located the spoils.

Andrew Solomon is the author of "The Irony Tower: Soviet Artists in a Time of Glasnost."



Agnes Gund, president, and Ronald S. Lauder, chairman of the Museum of Modern Art, in the museum's sculpture garden.

New Era Begins at Museum of Modern Art

By Dinitia Smith
New York Times Service

NEW YORK — "Knock on wood," Ronald Lauder said, rapping his knuckles on the early-20th-century Viennese coffee table in his office at Esée Lauder, the company founded by his mother.

He was talking about the vote that would take place the next day to decide whether he would be the next chairman of the board of the Museum of Modern Art, succeeding Agnes Gund.

Lauder got lucky. Gund, a collector and donor, will resume the post of president, solidifying her role as a hands-on administrator, which she likes. And Lauder, formerly vice chairman of the museum's board and co-chairman of its finance committee, got the big bouquet from the board — and the implicit invitation to give more.

"We've always depended on corporate help to supplement exhibitions," Lauder said. "But because corporations are very reluctant to give money out, and shows are getting more expensive, every show we do becomes a major effort on our part."

Lauder added that he "absolutely" intends to give more money to the Modern in the future.

Gund, 56, who has been doing both jobs, said on Tuesday: "We would work well together. He ties to business which I don't."

At the meeting, the board also solidified its ranks of wealthy patrons by electing the Texas billionaire Sid Bass as vice chairman.

Lauder, 51, becomes chairman after two years of unrest during which the museum conducted a protracted search for a paid president to work with director

Richard Oldenburg, who then resigned, partly in protest about sharing his responsibilities.

Then, to the museum's embarrassment, nearly every major candidate who was approached to succeed Oldenburg turned the job down. Finally, last November, the museum announced the appointment of Glenn Lowry, 40, an Islamicist who was director of the Art Gallery of Toronto.

Now the question confronting the Modern is about its identity as an institution. To some critics, the Museum of Modern Art has seemed like an oxymoron, the embodiment of words attributed to Gertrude Stein: "A museum can be either a museum or it can be modern, but it can't be both." The Modern must decide whether it will be a voice in contemporary art, or merely a kind of artifact in a post-modern world.

Corporate funding comes easily to museums for exhibitions of work by artists like Matisse, whose retrospective at the Modern in 1992 broke all of the museum's attendance records.

BUT it's hard to find money to finance more difficult shows like the recent one of Bruce Nauman's work. Attendance has dropped off recently, and despite a spiffed-up restaurant and more accessible hours, membership, too, has decreased since the Matisse exhibition.

The Modern also needs to find space to exhibit literally thousands of objects from its collection that are in storage and out of public view. And contemporary artists are working on a much larger scale than their predecessors, creating huge works and installations that require huge spaces.

In 1993, Lauder gave an immense

sculpture by Richard Serra, "Intersection II," to the Modern. He is said to have paid a million dollars for it.

It is so large that the floor of the museum can't hold it, and it is currently in storage in Brooklyn. But if the Modern expands, as many board members hope, it might then lose the relative intimacy that has been its hallmark. Will it become another megamuseum, impersonal and overwhelming? And who is going to pay for it?

Founded in 1929 by Abby Rockefeller, mother of its current chairman emeritus, David Rockefeller, the Modern has seemed for years like a private preserve of that family, and was dependent for years on the family's money.

Now, however, with the Rockefellers no longer as involved in its operations, the museum needs a strong figure who can contribute large amounts of money, extract money from others, and guide the Modern into the 21st century. That figure seems to be Lauder.

His gift of the Serra sculpture — 55 feet long, 13 feet high, weighing 240,000 pounds — is in a way a metaphor for the immense reach of Lauder himself, who is said to have once told his family that he intended to be the first Jewish president of the United States.

His voice still has the rough edges of the Upper West Side of Manhattan, where he went to public school while his mother built the family business.

In 1983, Lauder left the day-to-day management of the family firm to his older brother, Leonard, who is, incidentally, chairman of the Whitney Museum of American Art.

Ronald Lauder denied there would be any conflict of interest over their museum responsibilities. "We're at two very different institutions," he said. "It's very

rare somebody is involved at the Whitney who is also involved at the Modern."

Ronald Lauder, whose share in his family's business is believed to be around \$1 billion, was a contributor to Ronald Reagan's presidential campaign, and he served as an assistant secretary of state and later as ambassador to Austria during the Reagan administration.

IN 1989, he ran a quixotic campaign for mayor of New York City against Rudolph Giuliani, spending \$14 million in a losing effort. In 1993 he led another unlikely campaign, to put limits on the terms of city officials; he spent \$800,000, and lost that one too.

But Lauder has been a forceful behind-the-scenes figure at the Museum of Modern Art since 1977, when he was first elected to its board. In addition to serving as co-chairman of the finance committee, he has headed the trustees' committee on drawings and, more recently, the paintings and sculpture committee.

Between July 1989 and June 1993, the last year for which figures have been made public, he gave the museum \$3.7 million, making him one of the biggest individual contributors, and that doesn't include works of art. In 1984, the Modern named its drawing galleries for him.

Unlike many wealthy people who seem to buy their way into the art world, Lauder is known for his discerning eye and his beautiful collections. He buys everything from medieval armor to Old Master drawings, to German Expressionist and Vienna Secession art.

"If you put two Picassos in front of him, he could tell you which one was better," said one figure in the art world. "That's not true of every person who's a collector."



Vladimir Komar, left, and Oroschakoff, with Komar and Melamid's "Lenin's Tomb."

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Two 17th century bronze figures by Anselme Flamen, which climbed to more than 686,000 francs.

From Gilded Age to Silver Screen

By Rita Reif
New York Times Service

NEW YORK — By 1942, the robber-baron style of furnishings was out of fashion in American decorating. At an auction that year, chairs, tables and cabinets from the Mark Hopkins summer mansion near San Francisco — some of the best and most decorative pieces by Herter Brothers of New York, the preeminent cabinetmakers of the period — took in a mere total of \$20,000, a tenth of what they had originally cost in the late 19th century.

But there was one market still hungry for the style: the silver screen. And when 730 items from the mansion went on the block,

the biggest buyers were from Hollywood.

Universal Studios spent more than \$4,000 on scores of gaslight-era throne chairs and elaborately carved beds and desks. Warner Brothers and Columbia Pictures also bought some exquisite pieces.

These Herter furnishings have lent glamour to the sets of hundreds of movies, says Alex Brammer, a San Francisco historian of the period. And their use in films like "Saratoga Trunk" (1945), "Some Like It Hot" (1959), "The Unsinkable Molly Brown" (1964), "Scarface" (1983) and "Ghost" (1990) may have contributed to the current revival of interest in Herter furniture by museums and collectors.

"If the movie studios had not bought at that auction, in all likelihood most of the

contents of that mansion would have been destroyed," said Alice Cooney Frelinghuysen, a curator of decorative arts at the Metropolitan Museum of Art.

And, if that had happened, the exhibition "Herter Brothers: Furniture and Interiors for Gilded Age," at the museum through July 30, would be far different because several of the most colorful and interesting pieces would be missing.

A visitor need go no farther than the entrance to the show where one finds a 16-foot-high mirrored console in gilded wood. The piece, which was taken from Hopkins's music room, offers a striking example of the Herter style. And in the galleries beyond are a pair of pedestals.

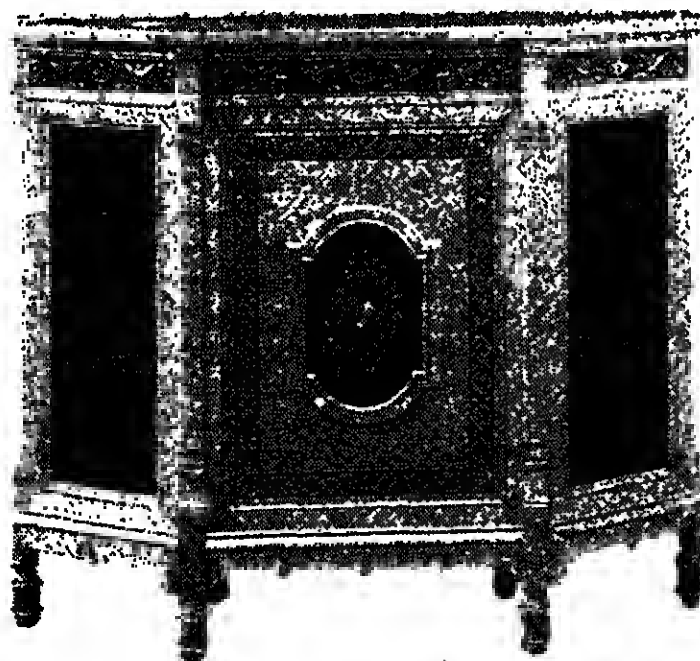
Among the other major objects from the 1942 sale is an ebonized table, inlaid with flowering cherry branches. It cost less than \$900 a half century ago and was sold at auction in 1989 for \$280,000, a record for a Herter work until this month.

Gustave and Christian Herter, who were half-brothers, were born in Stuttgart, Germany, and were probably trained by their father, a cabinetmaker. Gustave, who was five years older than Christian, came to New York in 1843 when he was 18. He already had several important clients when his brother arrived.

Gustave, a sculptor, favored furniture enhanced by vigorously carved lions, female masks and palm trees, while his brother preferred inlaid images of Greek vases, birds and flowers, a technique called marquetry.

Gustave returned to Germany in 1870, and Christian took over the business. He turned to lighter treatments, which included the Japanese look of black lacquer awash with birds and flowers. This style dominated furnishings he produced for the mansions in the East of J. Pierpont Morgan, Jay Gould and William H. Vanderbilt.

The Herter Brothers show is the most comprehensive of its kind since interest in their work revived in the late 1960s.



A cabinet owned by Andy Warhol, a collector of pieces by Gustave Herter.

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Rooms 1 & 7 at 2:15 p.m. - 17th, 18th and 19th Cent. FURNITURE AND OBJETS D'ART. Expert: M. J. Saint-Bris. On view: Saturday, June 24, from 11 a.m. to 6 p.m. - Monday, June 26, from 11 a.m. to 12 a.m. **Etude TAJAN**, 37, rue des Mathurins, 75008 PARIS. Tel: (1) 53 30 30 30 - Fax: (1) 53 30 30 31. In NEW YORK please contact Kety Maisonnrouge & Co. Inc. 16 East 65th Street, fifth floor, N.Y. 10021. Phone: (212) 737 35 97 - Fax: (212) 861 14 34.

Room 15 at 2:15 p.m. - OLD AND MODERN BOOKS. Expert: M. D. Courvoisier. On view: at the expert: Librairie Giraud-Badin, 22, rue Guynemer, 75006 Paris. Tel: (1) 45 48 30 58 - Fax: (1) 42 84 05 87. All June 16 to June 23, from 9 a.m. to 1 p.m. and 2 p.m. to 6 p.m. - Monday, June 26, from 11 a.m. to 12 a.m. **Etude TAJAN**, 37, rue des Mathurins, 75008 PARIS. Tel: (1) 53 30 30 30 - Fax: (1) 53 30 30 31. In NEW YORK please contact Kety Maisonnrouge & Co. Inc. 16 East 65th Street, fifth floor, N.Y. 10021. Phone: (212) 737 35 97 - Fax: (212) 861 14 34.

Wednesday, June 28, 1995

Room 14 at 2:15 p.m. - JUDAICA - Expert: M. E. Szapiro. On view: Tuesday, June 27, from 11 a.m. to 6 p.m. - Wednesday, June 28, from 11 a.m. to 12 a.m. **Etude TAJAN**, 37, rue des Mathurins, 75008 PARIS. Tel: (1) 53 30 30 30 - Fax: (1) 53 30 30 31. In NEW YORK please contact Kety Maisonnrouge & Co. Inc. 16 East 65th Street, fifth floor, N.Y. 10021. Phone: (212) 737 35 97 - Fax: (212) 861 14 34.

Rooms 5 & 6 at 2:30 p.m. - OLD MASTER PAINTINGS - FINE FURNITURE AND OBJETS D'ART FROM Mrs K. COLLECTION, PLUS INHERITANCE AND OTHER COLLECTIONS. **MILLON-ROBERT**, 19, rue de la Grange Batelière, 75009 PARIS. Tel: (1) 48 00 99 44 - Fax: (1) 48 00 98 58.

Friday, June 30, 1995

Room 4 at 2:30 p.m. - OLD MASTER DRAWINGS FROM Mr RENE HUYGHES COLLECTIONS, Mr MANUEL CANOVAS AND OTHER COLLECTORS. Expert: M. B. de Bayser. On view: at "ESPACE TAJAN", 37, rue des Mathurins, 75008 PARIS, all Tuesday, June 27, from 9 a.m. to 7 p.m. (Saturday from 11 a.m. to 6 p.m.). At Hotel Drouot, room 4, Thursday, June 29, from 11 a.m. to 6 p.m. - Friday, June 30, from 11 a.m. to 12 a.m. **Etude TAJAN**, 37, rue des Mathurins, 75008 PARIS. Tel: (1) 53 30 30 30 - Fax: (1) 53 30 30 31. In NEW YORK please contact Kety Maisonnrouge & Co. Inc. 16 East 65th Street, fifth floor, N.Y. 10021. Phone: (212) 737 35 97 / 737 38 13 - Fax: (212) 861 14 34.

THEATRE MARIGNY
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Tuesday, June 27, 1995

At 2:15 p.m. and 8 p.m. - **RENAUD-BARRAULT ESTATE**. "La chronique vivante d'un demi siècle de création théâtrale". Experts: M. J. Saint-Bris, MM. A. Pacitti and A. de Louvenecourt, M. A. Nicolas, Miss D. Rousseau and Miss S. Collignon. On view: at "ESPACE TAJAN", 37, rue des Mathurins, 75008 Paris, all June 21, from 9 a.m. to 7 p.m. (Saturday from 11 a.m. to 6 p.m.). At THEATRE MARIGNY, Saturday, June 24, from 7 p.m. to 10 p.m., Sunday, June 25, from 11 a.m. to 7 p.m., Monday, June 26, from 11 a.m. to 5 p.m. (Please contact Catherine Yaiche, ext. 321, or Patrice Sorrenberg, ext. 343. Tel: (1) 53 30 30 30 - Fax: (1) 53 30 30 31). **Etude TAJAN**, 37, rue des Mathurins, 75008 PARIS. Tel: (1) 53 30 30 30 - Fax: (1) 53 30 30 31. In NEW YORK please contact Kety Maisonnrouge & Co. Inc. 16 East 65th Street, fifth floor, N.Y. 10021. Phone: (212) 737 35 97 / 737 38 13 - Fax: (212) 861 14 34.

Scarcity Drives Desperate Buyers

PARIS — There is an inherent strength in the art market that never comes out as strikingly as it does when times are difficult. And difficult they are, right now, in Paris. In art galleries, activity is sluggish. On the auction scene, the dearth of good-quality works is more painfully obvious than ever and the amateurish buyers of yore who tossed about their money as others throw chips at the gambling table are no longer there to mop up over-priced third-raters. But that precisely helps to highlight

SOUREN MELIKIAN

a persistent factor that all other markets lack — the force of desire, which drives collectors and even dealers. In contrast to past crises, that factor is now sharpened by haunting awareness that an opportunity missed may never come back. The effect could be measured repeatedly this week.

It works best when a much-talked-about collection, even a residue of it, comes up. Such was the case on Tuesday at the Hôtel George V when Jacques Tajan opened a three-part auction with Contemporary Art from the estate of the late René de Montaignu, who was one of the five or six enthusiasts who supported the Paris school from the late 1950s to the late 1970s.

Even though the jewels in the crown were missing — a major Dubuffet, to mention but one, was dispatched to Christie's in December 1990 — aficionados could not conceal their delight at what they saw. Arman's "La Mariposa," a title that describes discarded paint tubes squeezed between transparent panels and spurring out ribbons of color, was hotly disputed. At 221,348 francs (\$45,000), it matched the top estimate. Metal springs compressed into a wooden casing, "Orbes et Desorbes," fetched the same large price.

French museums felt compelled to rise to the occasion. The National Museums agency bought a whole bunch of faded satin bodices with bits of lace thrown in for good measure, all glued onto a large canvas by Gérard Deschamps in 1960. The artist called it "Corsets roses ou Chiffons de la Chaire" in case the message was missed. The bodices and lace cost the French taxpayer 154,944 francs. The museums topped this up with a square zinc sheet retaining scraps of posters, most of which were torn off by Raymond Hains in 1951. The artist duly signed this artistic endeavor, titled "Les Nymphéas." These "waterlilies" were cheaper than Monet's. They cost a mere 99,607 francs.

The bigger lots were disappointing, as often happens in Paris — Jean Fautrier's "Hurluberlu," an abstract composition, sold for only 885,392 francs, while the failure of an overestimated Robert Delaunay, unwanted at 1.1 million francs, was

less surprising.

A curiously disparate assemblage followed. Although the pictures, a mere handful, looked like leftovers from a dealer's inventory, they were graced with a separate brochure and cryptically referred to as "The estate of Madame A." Amazingly, all but three found niches — the rejects consisting of such nonstarters as a Fanin-Lairou that did not look much like one.

The third part of the sale, made up from various properties, had a catalogue to it that someone had called, in a moment of wild commercial hubris, "Important 19th and 20th century Masters." It could easily have been a disaster, but it wasn't. Quite a few works found takers.

The three top lots were bought by the Geneva-based Nehmad brothers, outbidding French competitors strapped for cash. Each picture illustrates in its own way what makes buyers tilt. One, a Delacroix portrait of a Jewish woman from Tangiers, dated 1835, is not great, but it is a discovery. (The portrait recently turned up in Paris, covered in grime.) On Tuesday, it went up to 3,098,872 francs.

The second picture, a Renoir study of a woman lying in the grass, may be shapeless and blurred, but it has for it the magic of a name which some day in the future will make it go for more than the final 3,873,590 francs bid. The third, a Pointilliste view of the harbor at Saint-Tropez painted by Signac in 1895, is sparsely painted, almost empty, but at 2,766,850 francs, it was cheap.

Bought as part of a long-term commercial strategy, it makes sense.

On Wednesday, at Drouot, it was the turn of Raymond de Nicolay to bring out the new mood to the full. Overestimation for run-of-the-mill works leads to instant death. But behind this no-nonsense attitude — over one third of the lots were bought in — anything really good invariably triggers an enthusiastic response.

De Nicolay has a knack for finding unrecorded rarities. On Wednesday he could boast a sensational silver ewer with the Paris mark for 1645. Most of French silver plate of the 17th century for secular use has vanished — Louis XIV had it melted down to finance his wars. Wednesday's piece happens to be very nearly matched by one found in a still life by Linard who died in 1645. A detail reproduced in the catalogue galvanized bidders. Despite dents and the replacement of a hinge, the ewer climbed to 780,000 francs.

Unanswered questions were no obstacle to success. An intriguing 17th century silver gilt frame for a mirror, with relief figures, hitherto unrecorded, was struck with a goldsmith's mark. BM, that has yet to be identified. A coat of arms was "attributed" (!) to the Lomellini family from

Genoa. That did not stop the mirror from soaring to 276,685 francs, 60 percent over the high estimate.

Enthusiasm easily switched to the 19th century, if surrounded by historicity. In 1844, Désiré Froment-Meurice designed a complex stem cup, with the oval bowl in agate and the stem in silver enhanced with enamel and pearls, for the Paris exhibition of "The Artifacts of Industry." Inspired by the Renaissance, seething naturalistic detail gives the cup a surreal touch that heralds late 19th century developments. Although the designer ordered at least two other identical pieces to be executed, this ascended to a generous 686,179 francs.

Most significantly, the reflex that makes buyers eager not to miss an opportunity extends to objects that are delightful but not "important," to use the catchword of the artistically illiterate.

Two delightful small bronze busts of the "early 18th century" — no regional provenance is stated — more than doubled the high estimate of 68,618 francs. More boldly, two bronze figures (not a pair, they differ in size), one cast after the marble carved in the park at Marly by the 17th century sculptor Anselme Flamen, soared to 686,179 francs.

Much the same phenomenon could be observed in Old Masters. If overpriced or devoid of artistic merit, they remained unsold, no one even feigning interest. But when good in their own category, they triggered instant competition.

Two landscapes in gouache by the utterly obscure Baron Louis-Albert-Guillaume Bacler d'Albe, conventional but poetic, and wonderfully fresh in their dainty lines, shot up to a steep 160,477 francs.

A charming and tiny portrait of a young woman painted around 1800 by the prolific Louis-Leopold Boilly later doubled its high estimate, fetching 108,461 francs. Whoever bought it wanted it for pure pleasure. There is no big profit to be made there.

The hope of making a coup is as powerful an incentive as it ever was. A connoisseur clearly recognized — or thought he recognized — something in a fine, intriguing scene painted on two slabs joined together. The catalogue ascribes the unsigned work to "Florence, 17th century" despite a Northern touch, with something suggestive of Jacques Callot.

The picture tripled its high estimate as it ended up at 160,477 francs, courtesy of a buyer who concealed his identity from the room by bidding over the phone. Someone must be chuckling in delight at the thought of scoring off against less-knowledgeable rivals.

Such are the sweet joys of art buying. In such moments, who bothers to think about economic uncertainties?

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李国强	男	1950.08.22	河南郑州	本科	化学	副教授	郑州大学	
张为民	男	1955.03.10	江苏南京	本科	物理	教授	南京大学	
刘伟	男	1960.07.05	湖北武汉	本科	数学	讲师	武汉大学	
陈永年	男	1965.11.20	广东广州	本科	生物	助教	中山大学	
赵子龙	男	1970.02.28	四川成都	本科	历史	助教	四川大学	
周小华	女	1975.06.18	浙江杭州	本科	文学	助教	浙江大学	
吴大伟	男	1980.09.01	安徽合肥	本科	法学	助教	安徽大学	
孙建明	男	1985.04.12	福建厦门	本科	医学	助教	厦门大学	
林晓峰	男	1990.01.05	广西桂林	本科	地理	助教	广西大学	
黄志坚	男	1995.05.20	湖南长沙	本科	政治	助教	湖南大学	
徐文彬	男	2000.10.10	江西九江	本科	经济	助教	江西大学	
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马宇	男	2150.05.20	四川成都	本科	制图	助教	四川大学	
宋宇	男	2155.09.10	广东广州	本科	测量	助教	中山大学	
李宇	男	2160.03.05	江苏南京	本科	摄影	助教	南京大学	
张宇	男	2165.07.25	浙江杭州	本科	摄像	助教	浙江大学	
刘宇	男	2170.11.15	安徽合肥	本科	剪辑	助教	安徽大学	
陈宇	男	2175.05.05	福建厦门	本科	后期	助教	厦门大学	
赵宇	男	2180.09.25	广西桂林	本科	特效	助教	广西大学	
周宇	男	2185.03.15	湖南长沙	本科	配音	助教	湖南大学	
吴宇	男	2190.07.05	江西九江	本科	字幕	助教	江西大学	
孙宇	男	2195.11.25	山西太原	本科	音效	助教	山西大学	
林宇	男	2200.05.15	陕西西安	本科	混音	助教	西安交通大学	
黄宇	男	2205.09.05	辽宁沈阳	本科	配乐	助教	东北大学	
徐宇	男	2210.03.25	吉林长春	本科	剪辑	助教	吉林农业大学	
郭宇	男	2215.07.15	黑龙江哈尔滨	本科	特效	助教	东北林业大学	
马宇	男	2220.11.05	内蒙古呼和浩特	本科	配音	助教	内蒙古大学	
宋宇	男	2225.05.25	宁夏银川	本科	字幕	助教	宁夏大学	
李宇	男	2230.09.15	新疆乌鲁木齐	本科	音效	助教	新疆大学	
张								

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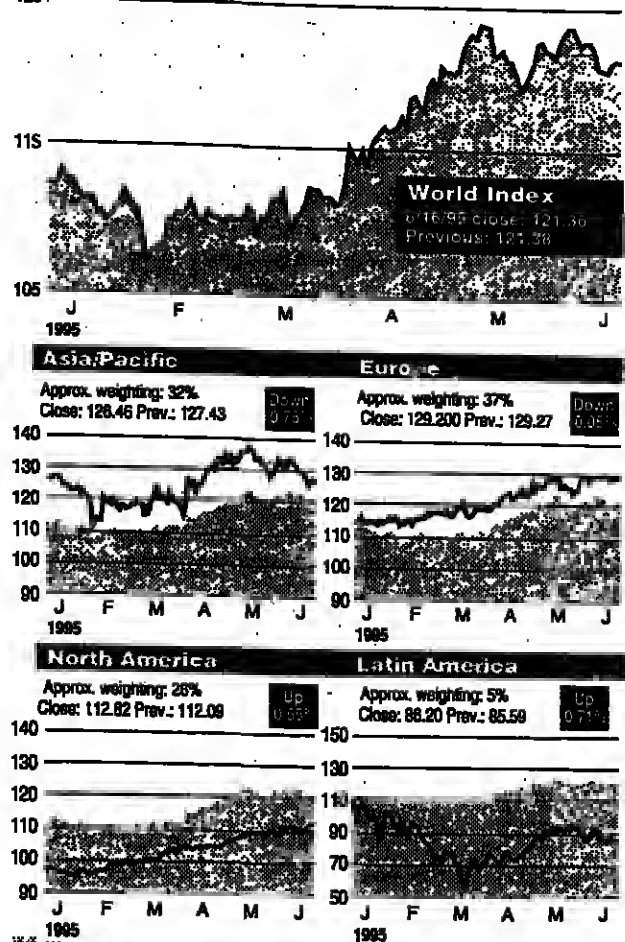
姓名	性别	年龄	籍贯	职业	住址	电话	备注
王德胜	男	45	山东	教师	济南市经二路	2345	
李秀英	女	38	河北	护士	石家庄市和平路	5678	
张国强	男	52	河南	工人	郑州市二七路	9012	
刘小红	女	28	四川	医生	成都市春熙路	3456	
陈大明	男	60	广东	农民	广州市天河区	7890	
赵小丽	女	35	浙江	售货员	杭州市西湖边	1234	
孙伟明	男	48	湖北	工程师	武汉市江汉路	5678	
周美华	女	32	湖南	会计	长沙市芙蓉路	9012	
吴建国	男	55	安徽	干部	合肥市淮河路	3456	
郑晓芳	女	25	江西	学生	南昌市八一路	7890	
冯志强	男	40	福建	商人	厦门市中山路	1234	
马小娟	女	30	广西	教师	南宁市青秀路	5678	
徐文强	男	50	贵州	工人	贵阳市中华南路	9012	
黄丽娟	女	33	云南	护士	昆明市正义路	3456	
曹大明	男	58	陕西	干部	西安市钟楼	7890	
周小梅	女	27	山西	售货员	太原市迎泽大街	1234	
孙伟明	男	42	内蒙古	工程师	呼和浩特市新华大街	5678	
周美华	女	31	吉林	会计	长春市人民大街	9012	
吴建国	男	53	辽宁	干部	沈阳市和平路	3456	
郑晓芳	女	26	黑龙江	学生	哈尔滨市中央大街	7890	
冯志强	男	39	山东	商人	济南市经二路	1234	
马小娟	女	29	河北	教师	石家庄市和平路	5678	
徐文强	男	49	河南	工人	郑州市二七路	9012	
黄丽娟	女	34	四川	医生	成都市春熙路	3456	
曹大明	男	59	广东	农民	广州市天河区	7890	
周小梅	女	28	浙江	售货员	杭州市西湖边	1234	
孙伟明	男	43	湖北	工程师	武汉市江汉路	5678	
周美华	女	32	湖南	会计	长沙市芙蓉路	9012	
吴建国	男	54	安徽	干部	合肥市淮河路	3456	
郑晓芳	女	27	江西	学生	南昌市八一路	7890	
冯志强	男	41	福建	商人	厦门市中山路	1234	
马小娟	女	30	广西	教师	南宁市青秀路	5678	
徐文强	男	51	贵州	工人	贵阳市中华南路	9012	
黄丽娟	女	35	云南	护士	昆明市正义路	3456	
曹大明	男	60	陕西	干部	西安市钟楼	7890	
周小梅	女	29	山西	售货员	太原市迎泽大街	1234	
孙伟明	男	44	内蒙古	工程师	呼和浩特市新华大街	5678	
周美华	女	33	吉林	会计	长春市人民大街	9012	
吴建国	男	55	辽宁	干部	沈阳市和平路	3456	
郑晓芳	女	28	黑龙江	学生	哈尔滨市中央大街	7890	
冯志强	男	40	山东	商人	济南市经二路	1234	
马小娟	女	31	河北	教师	石家庄市和平路	5678	
徐文强	男	50	河南	工人	郑州市二七路	9012	
黄丽娟	女	36	四川	医生	成都市春熙路	3456	
曹大明	男	61	广东	农民	广州市天河区	7890	
周小梅	女	30	浙江	售货员	杭州市西湖边	1234	
孙伟明	男	45	湖北	工程师	武汉市江汉路	5678	
周美华	女	34	湖南	会计	长沙市芙蓉路	9012	
吴建国	男	56	安徽	干部	合肥市淮河路	3456	
郑晓芳	女	29	江西	学生	南昌市八一路	7890	
冯志强	男	42	福建	商人	厦门市中山路	1234	
马小娟	女	32	广西	教师	南宁市青秀路	5678	
徐文强	男	52	贵州	工人	贵阳市中华南路	9012	
黄丽娟	女	37	云南	护士	昆明市正义路	3456	
曹大明	男	62	陕西	干部	西安市钟楼	7890	
周小梅	女	31	山西	售货员	太原市迎泽大街	1234	
孙伟明	男	46	内蒙古	工程师	呼和浩特市新华大街	5678	
周美华	女	35	吉林	会计	长春市人民大街	9012	
吴建国	男						

[illegible]

A collage of newspaper clippings from 'The Tribine'. The top section features a large, bold headline 'Multiple' in a serif font. Above this headline, there are several line graphs showing fluctuating data trends. Below the headline, there are several columns of text, likely news articles or financial reports, though the text is mostly illegible due to the high contrast and grain of the scan. At the bottom of the collage, there are two distinct tables. The first table is titled 'Dollar Values' and contains several rows of data with numerical values. The second table is titled 'Dollar Rates' and also contains rows of data, possibly representing exchange rates or interest rates. The overall layout is dense and typical of a financial or business newspaper page.

THE TRIB INDEX: 121.36

International Herald Tribune World Stock Index, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major financial centers. The index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top stocks are tracked.

Industrial Sectors	PL	CL	Pre.	Chg.	PL	CL	Pre.	Chg.
Energy	125.61	125.17	+0.36		Capital Goods	125.85	125.57	+0.08
Utilities	131.18	131.06	+0.08		Raw Materials	137.11	136.92	+0.14
Finance	118.21	118.80	-0.57		Consumer Goods	117.74	117.51	+0.20
Services	114.17	114.12	+0.04		Miscellaneous	134.14	132.80	+1.01

For more information about the index, a booklet is available free of charge. Write to Trib Index, 151 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

Europe Risks Being Lost in Space

By Barry James
International Herald Tribune

PARIS — As daring aviators performed at the Paris Air Show this week, European space officials asked whether governments would be equally daring in funding an international manned orbiting station.

European governments will decide this autumn whether to go ahead with the station, which will be used for at least a decade to carry out hundreds of scientific experiments ranging from materials development to astronomy. The National Aeronautics and Space Administration, which is coordinating the project, calls it the most important international scientific and technological program in history.

But Europe's governments are far from agreeing on the funding of their portion of the project — a laboratory module and a space tug that will cost about 2.12 billion European currency units (\$2.81 billion).

Ministers responsible for the European Space Agency are set to meet in Toulouse Oct. 18-22 to decide whether to go ahead, seek a delay or bow out. François Fillon, the French minister for technology, said the negotiations would be "difficult" and that "success is not assured."

throwing 17,000 people out of work. Boeing Co. is expected to fire 12,000, while Northrop Grumman Corp. will let go of 5,600 of its 42,400 employees this year.

The number of companies is shrinking, too. In the United States alone, there have been about 30 mergers of aerospace companies in the past decade, during which the Pentagon's spending has plummeted 60 percent, to \$40 billion.



NASA's contribution to the international manned space station is already well advanced, but even it could not afford to rent space at the Air Show because of budget cuts.

Boeing is close to completing one of the station's connecting nodes, scheduled to be launched at the end of 1997. Russia is well along on development of the station's navigation and energy supply systems, which are scheduled to be launched aboard a Proton rocket, also late in 1997.

Canada is developing an arm to handle heavy cargo in space, and both Japan and Europe have the task of building capsules to contain scientific experiments.

The European capsule would be known as the Columbus Orbital Facility. In addition, the European Space Agency is responsible for delivering a kind of space tug known as an Automated Transfer Vehicle.

U.S. 'Open Sky' Talks Strain EU Unity

By Tom Buerkle
International Herald Tribune

BRUSSELS — The European Union's bid to keep member governments together in aviation negotiations with the United States suffered a setback Friday with news that three more members had implemented "open-skies" agreements with Washington.

Smaller states with just one gateway to the United States have grabbed at Washington's offer of open-skies pacts, which

allow airlines to fly to virtually any city in America.

For travelers, such agreements mean increased competition and choice of service and possibly lower prices.

U.S. officials say that a total of six EU nations have now reached agreement with the United States.

But the European transportation commissioner, Neil Kinnock, says that if Washington concludes agreements with enough smaller states, major U.S. carriers will be able to pick apart the European market.

The developments came right before EU transportation ministers meet Monday and Tuesday to consider Mr. Kinnock's request that they negotiate with Washington on behalf of all EU member states.

Mr. Kinnock made a fresh appeal Friday, telling member states with open-skies agreements that they would be able to keep their air routes in place under his plan. But EU officials said there was no indication that ministers would agree to back the plan next week or indeed before the end of the year.

Britain has blocked his request because it maintains that it can get a better deal for its airlines with bilateral negotiations under way with the United States.

France and Germany, the two other major Union markets, have not rejected Mr. Kinnock's proposal outright but have not embraced it, either.

Microsoft Wins Ruling to Settle Antitrust Case

Compiled by Our Staff From Dispatches

WASHINGTON — Microsoft Corp. triumphed in a five-year battle over federal antitrust charges Friday, as an appeals court approved the government's settlement with the software company and disqualified the judge who had originally rejected it.

The U.S. Court of Appeals for the District of Columbia Circuit ordered the case sent back to U.S. District Court and reassigned to another judge with instructions to grant approval.

The proposed settlement would require Microsoft to end discounts to personal computer manufacturers. Microsoft has been complying with the terms of the settlement.

The decision was good news to Microsoft investors, who pushed the stock to \$87.00 on the Nasdaq market, a gain of \$2.12.

The appeals court decision chases away a lingering legal cloud that has hovered over the company since May 20 world's leading software company since federal prosecutors launched an antitrust investigation in 1990. The probe sought to determine whether Microsoft used its corporate muscle to harm competition.

After a four-year investigation, Microsoft agreed to end some restrictions that it had placed on computer makers who bought the company's DOS and Windows software.

But U.S. District Judge Stanley Sporkin rejected Microsoft's proposed settlement on Feb. 14, saying he did not have enough information to determine if the deal was in the public interest.

The appeals court decision reverses Judge Sporkin's ruling. The appeals court ruled that "the proposed consent decree is in the public interest, and that the district court exceeded its authority in concluding to the contrary."

The panel also held unanimously that it had been inappropriate for Judge Sporkin to fault the consent decree because it did not contain an admission of wrongdoing by Microsoft.

"We think the district judge's criticism of Microsoft for declining to admit that the practices charged in the complaint actually violated the antitrust laws was thus unjustified," the appeals court ruling said.

But the courtroom victory may not end Microsoft's antitrust tangles with the government. The company on May 20 backed out of its proposed acquisition of Intuit Inc. rather than fight a federal challenge to the merger.

Meanwhile, the Justice Department is continuing to look for antitrust problems in other areas, including Microsoft's plans to include access to a new on-line service, Microsoft Network, in its new operating software, Windows 95.

(Bloomberg, AP)

Maxwell Faced Questions On Loans Before His Death

Compiled by Our Staff From Dispatches

LONDON — Shortly before the publisher Robert Maxwell died at sea, he was asked about millions of dollars in loans to his private companies and accused executives of plotting against him, according to testimony Friday in the fraud trial of two of his sons.

The Maxwell brothers, Kevin and Ian, are accused of defrauding Maxwell pensioners by removing stock worth millions from their pension plans and using the cash to pay off bank loans. Robert Bunn, a former finance director for Maxwell companies, and Larry Trachtenberg, an American financial advisor, also are charged. All have pleaded innocent.

Peter Laister, who was a board member at Maxwell Communications Corp., said Friday that he became concerned in August 1991 about more than £200 million (\$319 million) in loans from the public company to private Maxwell companies.

ECONOMIC SCENE

Multiple Trade Skirmishes Add Up

By Peter Fassell
New York Times Service

NEW YORK — As Washington and Tokyo duel over autos and the Europeans fidget on the sidelines, there is talk that this ugly tiff between political allies will mark the beginning of a real trade war.

But a low-intensity global trade war has been under way for decades, with protectionists from all the economic powers using rigged national laws and sympathetic government bureaucracies to sabotage foreign competition.

In the United States, the warriors range from flower growers to bicycle makers. Their weapons are laws barring imports below "fair market value."

Two current cases, steel pipe for the oil industry and cement for road and home building, illustrate the corrosive effects.

These so-called anti-dumping laws have been rationalized as extensions of antitrust law. If foreigners sold their goods here for less than they sold them back home, there was a presumption that they were attempting to knock out the local competition and then raise prices.

Yet such "predatory pricing" has been rare since the days of John D. Rockefeller and the Standard Oil monopoly.

But at least predatory pricing offers a veneer of plausibility to justify government intervention in foreign trade. Current U.S. law, along with the laws of many other countries, also defines dumping as selling below cost.

Because "cost" includes just about

anything that the bureaucracy of the Commerce Department decides, it is no surprise that Washington finds merit in more than 90 percent of the dumping complaints filed.

In the latest of many cases involving steel, U.S. producers of pipe for the oil and gas industries petitioned for protection from foreign competitors, notably those in Argentina, Mexico and Japan. Japanese pipe exporters did not bother to defend themselves and withdrew from

Frequent low-level trade tiffs raise prices for consumers and undermine U.S. leadership.

the market after Commerce tentatively imposed a 44 percent tariff on pipe for lining wells.

To the relief of the State and Treasury Departments, which are eager to see free-market policies in Mexico and Argentina survive the aftershocks of the devaluation of the peso, Commerce made a preliminary finding that neither country was dumping steel pipe.

But any penalty on imports is likely to cut competition among suppliers and raise costs at a time when the domestic oil industry is hurting. "I hate to get in a

situation where I'm dependent on one source for critical materials," said Michael Osborne, a senior vice president with Pennzoil Co.

The stakes are higher in the cement case. Cement is so costly to move by land, said Robert Roy, the former chief economist for the cement makers' trade group, that the U.S. market is really a half-dozen regional markets. When demand exceeds production capacity near a border, the cheapest alternative sources are often in Canada or Mexico.

Cemex SA of Mexico, the largest cement company in North America, built capacity close to the border in the 1980s in expectation of serving the booming markets of the Sun Belt.

But domestic cement producers along the southern tier of states won a dumping case in 1990, sticking Cemex with a 66 percent tariff that effectively drove it out of their regional market.

Mexico won a ruling from the world trade body in 1992 that the tariff violated Mexico's due process. But the case drags on, now as much a tussle over jurisdiction as trade equities.

Meanwhile, Southern states have seen cement prices rise by as much as 20 percent.

The good news is that low-intensity trade wars rarely escalate. The bad news is that there is a new skirmish every month or two, raising prices for U.S. consumers and undermining America's global leadership by confirming the most cynical views of U.S. foreign policy goals.

Greenspan Sets N. Y. Talk

By Keith Bradsher
New York Times Service

WASHINGTON — With criticism rising that the Federal Reserve Board has pushed the American economy to the brink of recession, the central bank announced Friday that its chairman, Alan Greenspan, would speak Tuesday night to New York's corporate and financial elite.

The speech before the Economic Club of New York will be Mr. Greenspan's first effort in four months to present a comprehensive picture of the U.S. economy's health and provide a glimpse of his plans for monetary policy.

But it will also be his first big attempt to counter criticism that while the central bank may have been right to start raising short-term interest rates last year, it was wrong to do so seven times.

The speech will give Mr. Greenspan his first chance to provide his assessment of House and Senate efforts to balance the budget over seven years — and President Bill Clinton's call for a balanced budget within 10 years. These efforts have heartened other Fed officials, so that the question is not whether Mr. Greenspan welcomes them, but whether he does so enthusiastically.

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Cross Rates	June 16	Eurocurrency Deposits	June 16	Key Money Rates	June 16
Amsterdam 1.265 2.52 1.17 12.78 1991		Dollar 1.00 1.00 1.00 1.00 1.00		Discount rate 5.00 5.00 5.00 5.00 5.00	
Brussels 26.80 43.25 22.85 12.85 12.85		D-Mark 1.93 1.93 1.93 1.93 1.93		Prime rate 9.00 9.00 9.00 9.00 9.00	
Frankfurt 1.60 1.24 1.25 1.25 1.25		Swiss Franc 1.48 1.48 1.48 1.48 1.48		Federal funds 5.50 5.50 5.50 5.50 5.50	
London (a) 1.687 1.687 1.687 1.687 1.687		Sterling 1.93 1.93 1.93 1.93 1.93		3-month T-bills 5.50 5.50 5.50 5.50 5.50	
Madrid 122.18 19.56 24.45 1.37 7.54		French Franc 6.54 6.54 6.54 6.54 6.54		6-month T-bills 5.50 5.50 5.50 5.50 5.50	
Moscow 148.25 247.01 1.72 2.82 1.68		Yen 166.08 166.08 166.08 166.08 166.08		1-year T-bills 5.50 5.50 5.50 5.50 5.50	
New York (b) 1.00 1.00 1.00 1.00 1.00		ECU 1.93 1.93 1.93 1.93 1.93		2-year T-bills 5.50 5.50 5.50 5.50 5.50	
Paris 4.71 1.97 2.54 1.19 1.19		Gold 389.50 389.50 389.50 389.50 389.50		3-year T-bills 5.50 5.50 5.50 5.50 5.50	
Tokyo 1.38 1.38 1.38 1.38 1.38		Oil 26.00 26.00 26.00 26.00 26.00		5-year T-bills 5.50 5.50 5.50 5.50 5.50	
Yorubala 1.05 1.05 1.05 1.05 1.05		10-year T-bills 5.50 5.50 5.50 5.50 5.50		10-year T-bills 5.50 5.50 5.50 5.50 5.50	
Zurich 1.38 1.38 1.38 1.38 1.38		10-year Government bond 5.50 5.50 5.50 5.50 5.50		10-year Government bond 5.50 5.50 5.50 5.50 5.50	

THE AMERICAS

Winners and Losers in Telecom Bill

Compiled by Our Staff From Dispatches

WASHINGTON — Shares in cable television operators, regional telephone companies and radio and television broadcast networks may be set to soar if the sweeping telecommunications reforms passed by the Senate are signed into law.

The measure passed by the Senate on Thursday — along with a similar measure thought likely to pass the House of Representatives later this summer — could have major implications for all communications industries, as well as for consumers of some of their services.

For starters, the Senate-approved bill essentially would deregulate cable rates. In the short run, this could lead to higher cable rates and wider experimentation in selection and packaging of programming.

In the long run, the bill would set the stage for unprecedented competition between cable and phone companies, allowing both to offer customers a single supplier for television and telephone services. That competition could lead to lower prices and greater choices for consumers.

In anticipation of deregulation, both phone and cable companies have started

tests in cities across the country, announced acquisitions, and formed joint ventures to enter the rival business.

The regional Bell companies — Bell Atlantic, BellSouth, Ameritech, Nynex, Pacific Telephone Group, U.S. West and SBC Communications — are among the likely winners because of the access afforded by their local telephone networks.

Although the big long-distance carriers — AT&T, MCI and Sprint — are not expected to suffer too much from their new competition, several hundred small long-distance companies, such as Allnet Communications and Opcom Inc., could be hurt badly.

The bill also has provisions that could shuffle the ownership of television stations, though analysts don't expect huge changes in programming to result.

The bill allows networks or broadcast chains to own stations that reach 35 percent of U.S. households, an increase from the current 25 percent. Networks are likely to buy more stations, which are the most profitable part of their operations.

The broadcast industry has been divided over these changes. While the networks —

ABC, CBS, NBC and Fox — would like to own more stations, their affiliates fear a weakening of their leverage with their suppliers, the networks.

The bill would not change rules that limit foreign ownership of broadcast properties. Without a doubt, the legislation is a victory for the cable industry, which has been pushing for deregulation as new competitors like satellite dish operators have quickly rolled out rival video services.

The biggest winners are likely to be the industry giants, like Tele-Communications Inc. and Time Warner, which are in best position to enter new businesses.

"We're ecstatic," said David Krone, director of government affairs for Tele-Communications Inc., the nation's leading cable operator, with 12.7 million subscribers. But, he added, "there's still a lot of work to do before the bill becomes law."

Most executives and analysts were cautious in predicting the bill's impact before a final version is hammered out and approved by President Bill Clinton. "We don't know what we have yet," said Tom Wolzstein, a media analyst at Sanford Bernstein & Co. (LAT, AP)

Blue-Chips Rise To Fresh Record

Compiled by Our Staff From Dispatches

NEW YORK — Blue-chip stocks finished at a record high Friday as gains in telephone and technology issues offset concerns that the Federal Reserve Board will not lower interest rates soon.

The Dow Jones industrial average closed at a record 4,510.79 points, up 14.52, while

company's five-year battle over

federal antitrust charges.

Intel rose 1 to 116 1/4 after Moody's Investors Service said it was considering raising the semiconductor's credit rating.

LTX rose 1 3/16 to 8 1/2 after a buy recommendation from Needham & Co. LTX makes equipment for testing semiconductor

Home Depot was the most actively traded NYSE issue, falling 1 1/4 to 40 1/4 after two analysts cut their earnings estimates for the home-improvement retailer's second-quarter earnings.

Philip Morris rose 1 to 73 1/4 after the company said it expected "superior" earnings growth.

Beverage and household product companies rose. Those stocks traditionally do well even if the economy slows. Coca-Cola rose 1/4 to 62 1/4 and Procter & Gamble rose 1/4 to 73 1/4.

Worries that the U.S. central bank would not lower interest rates soon enough to rescue a slumping economy held back stocks and bonds.

The price of the benchmark 30-year Treasury bond fell 4/32 point, to 113 2/32, taking the yield to 6.61 percent from 6.60 percent Thursday. (AP, Bloomberg)

SPACE: European Support for Orbital Project Is Tied to Funding Battle

Continued on Page 11

Air Show has been provided by a tiny group of aerobically pilots — Americans, French, Russians, Ukrainians and others —

who have been performing daily artistic routines. These are people who think flying the right way out and in a straight line is "like kissing your sister," said Adam Shaw, a flying instructor who organized the displays.

In flying bewildering sequences of rolls, loops and corkscrews, the pilots are subjected to eyeball-popping forces of up to 10 times gravity.

More than the pilots of high-performance fighters, unlike the fighter pilots, they do not wear anti-gravity suits in their

cockpits. The pilots compete five times a year for the Breitling World Cup of Aerobics, which Mr. Shaw said is to flying what Formula One is to car racing.

As the professional portion of the show came to an end, it will be open to the public for the weekend — the French government signed an important

agreement with ArianeSpace to launch a military observation and reconnaissance satellite, Helios 1B.

Helios 1B, a joint project of France, Italy and Spain, will be built by Matra Defense to back up the existing Helios 1A project. It was scheduled for launch in 1997.

European markets had closed. "Expectations are generally low on anything of substance being said that we haven't already heard," said Neil MacKinnon, chief economist at Citibank.

"There may be some wariness of intervention early next week to follow up a G-7 statement, but any upside is clearly limited," Mr. MacKinnon said. "The best G-7 can hope for is some stabilization of the dollar."

Mr. Waigel also thanked U.S. Treasury Secretary Robert E. Rubin for "clear comments" on reducing the U.S. budget deficit, and said it re-

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He was referring to Mr. Rubin's comment Tuesday that the U.S. budget deficit must be balanced without hurting the economy.

Mr. Waigel said the importance of some recent U.S. economy figures indicating a possible slowdown or downturn have been exaggerated.

"I see developments in the U.S. economy as a normalization," he said.

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"Expectations

Nokia Posts Profit Surge

Shares Rise 7% as Cellular-Phone Sales Soar

Nokia said it opened a representative office in Shanghai on Friday.

BERLIN — The federal cartel office said Friday it would block a bid by T&N PLC, a British car parts maker, to acquire a majority stake in a German company, Kolbenschmidt AG.

The Bundeskartellamt said the 282.6 million Deutsche mark (\$202 million) deal would give T&N, with its A. E. Goetze GmbH subsidiary, a "preeminent" position in the German market for piston rings. It would also make T&N the market leader in steel and plastic composites.

Kolbenschmidt, who opposes the T&N bid, ranks second in the German piston ring market, behind Goetze.

T&N said it would appeal the decision. "T&N believes the bid is not anticompetitive, a view fully supported by our major customers," it said.

T&N acquired options to buy 52.5 percent of Kolbenschmidt's shares last September, when Metallgesellschaft AG, the troubled German mining and metals company, decided to sell its stake in the company as part of a reorganization.

Kolbenschmidt's shares were down 1.50 DM at 18.50 on the Frankfurt Stock Exchange.

(Bloomberg AEX)

"The fact that the gold market has shown little reaction to recent global shocks has got to be cause for concern," Mr.

with a shield against hostile takeovers.

- **Incentive AB** said a share of Westinghouse Airbrake Co. would cost \$14 when the U.S. maker of train brake systems was sold in an initial public offering next year. The Swedish company, which holds 50 percent of Wabco, said the 7 million-share offering had been heavily oversubscribed.
- **Crédit Suisse** is creating Aargauer Bank AG in the canton of Aargau by combining New Bank of Argovie and Gewerbehank Baden. Swiss Volksbank branches in the canton will be added in 1996. Officers. With assets of about 13 billion francs (\$11.6 billion), the bank will be Switzerland's ninth-largest.
- **The Geneva Post**, an English-language newspaper launched in November, stopped publication because of lack of funds, but journalists vowed to revive the paper.
- **Telia AB** and **Jasmine International Public Co.** of Thailand have bought 12.5 percent of **Digital Telecommunications Philippines Inc.** for 1.12 billion pesos (\$43.9 million).
- **Jefferson Smurfit Group PLC** said it had acquired **Trelleborg AB's** 29 percent stake in **Munksjö AB** for about 68 million Irish punts (\$110.4 million).
- **Italian** sales of small commercial vehicles rose 24.2 percent in May from a year earlier, with half of the sales going to Fiat SpA.
- **Organization for Economic Cooperation and Development** member nations, excluding Turkey, had a 0.7 percent increase in consumer prices in April. Prices rose 0.5 percent in March.
- **European Union** industrialists and builders turned gloomy in May, the European Commission found in a poll.
- **Spain's** gross domestic product could grow at an annual rate of more than 3 percent by the end of the year, a Bank of Spain director general, José Luis Malo de Molina, said.
- **Spain** had a current-account deficit of 103.8 billion pesetas (\$850.7 million) in April, compared with deficits of 92.3 billion pesetas in March and 172.5 billion pesetas a year earlier.
- **Spain's** Parliament approved replacing the state holding companies **Instituto Nacional de Hidrocarburos SA** and **Instituto Nacional de Industria** with two new entities, the **Industry Ministry** said.

Bloomberg, AFX, Knight-Ridder, AP

Compiled by Our Staff From Dispatches

LONDON — Britain's budget deficit rose unexpectedly in May, raising doubts as to whether the government can meet its deficit target for the year.

The so-called public sector borrowing requirement rose to £4.15 billion (\$6.62 billion) in May, compared with revised £3.80 billion in April, originally reported as £4.26 billion.

Analysts had expected the May deficit to be smaller than April's, as the government has said the deficit for the year should contract by 40 percent, to £21.5 billion.

"It's very disappointing," said David Smith, chief economist at Williams de Broe said. "It's dangerous to extrapolate on two months," he added, "but on this basis, and if we weren't talking about tax cuts before the general election, we would be talking about tax increases."

David Coleman of CIBC World Bank Group said, "Although PSBR data in the early stages of the fiscal year attract little attention, it is already clear that substantial improvement is needed over the months ahead for the Treasury to meet its forecast."

The chancellor of the Exchequer, Kenneth Clarke, is to release revised economic forecasts for the year on June 28.

Many analysts say that slowdown in domestic growth which is affecting government revenue, will force Mr. Clarke to raise his deficit estimates. That would make it difficult to cut taxes as he has promised to do as soon as public finances are in order.

But one economist said he was not worried by the deficit increase. Don Smith of the London Global Markets said that while government revenue fell in May compared with April, it was still 11 percent higher than in May 1994. He was more troubled by an increase in spending, he said.

(Reuters, Knight-Ridder)

[illegible][illegible]

June 16, 1995					High Low Close Open					High Low Close Open					High Low Close Open					High Low Close Open																								
Grains					High Low Close Open					High Low Close Open					High Low Close Open					High Low Close Open																								
ORANGE JUICE (NFC)					GERMAN GOVERNMENT BUND (NFC)					Dec 95					Dec 95					Dec 95																								
15,000 lbs., cents per lb.					DAX 20,000 - 100 of 100 pc					Mar 96					Mar 96					Mar 96																								
Jul 95	104.28	106.66	103.50	-0.30	63.87	64.28	64.28	64.17	-0.32	Jul 95	82.25	29.70	79.00	+0.02	29.70	82.25	29.70	79.00	+0.02	29.70	82.25	29.70	79.00	+0.02																				
Aug 95	104.28	106.66	103.50	-0.30	63.87	64.28	64.28	64.17	-0.32	Apr 96	81.50	29.70	78.50	-0.05	29.70	81.50	29.70	78.50	-0.05	29.70	81.50	29.70	78.50	-0.05																				
Nov 95	104.28	106.66	103.50	-0.30	63.87	64.28	64.28	64.17	-0.32	Jul 96	81.50	29.70	78.50	-0.05	29.70	81.50	29.70	78.50	-0.05	29.70	81.50	29.70	78.50	-0.05																				
Dec 95	104.28	106.66	103.50	-0.30	63.87	64.28	64.28	64.17	-0.32	Oct 96	81.50	29.70	78.50	-0.05	29.70	81.50	29.70	78.50	-0.05	29.70	81.50	29.70	78.50	-0.05																				
Jan 96	104.28	106.66	103.50	-0.30	63.87	64.28	64.28	64.17	-0.32	Jan 97	81.50	29.70	78.50	-0.05	29.70	81.50	29.70	78.50	-0.05	29.70	81.50	29.70	78.50	-0.05																				
Feb 96	104.28	106.66	103.50	-0.30	63.87	64.28	64.28	64.17	-0.32	Feb 97	81.50	29.70	78.50	-0.05	29.70	81.50	29.70	78.50	-0.05	29.70	81.50	29.70	78.50	-0.05																				
Mar 96	104.28	106.66	103.50	-0.30	63.87	64.28	64.28	64.17	-0.32	Mar 97	81.50	29.70	78.50	-0.05	29.70	81.50	29.70	78.50	-0.05	29.70	81.50	29.70	78.50	-0.05																				
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Metals					HEATING OIL (NMRK)					HEATING OIL (NMRK)					HEATING OIL (NMRK)					HEATING OIL (NMRK)																								
GOLD (NMRK)					100 tons, dollars per ton					100 tons, dollars per ton					100 tons, dollars per ton					100 tons, dollars per ton																								

THE WEEKLY REPORT

FIRST COLUMN

Warning: All Information Is Not Alike

THE name has changed, but that is all. Once they were hot stock tips; now they are prime assets in the information economy. This session with information is one of today's trendier analytical lines.

The argument runs that the essence of a deal is not the security itself — the bond or the company share. What determines a transaction's price is information — as it determines whether there will be a transaction at all. So it is the latest news on company earnings, or the market-moving utterances of this week's guru, that have value. A security's price fluctuations are merely a reflection of that information, a way of interpreting it in financial terms.

All of this makes speculative investing profoundly exciting, because investors are committing their capital in circumstances where knowledge is scant and appearances often deceptive.

The standard caveats bear repeating. First, make sure that the market is liquid. With small companies there may be few investors, and a relatively small sale or purchase may have a significant effect on a share's price.

Second, be especially vigilant for charlatans. A major corporation like IBM is not going to disappear without plenty of warning. That may not be the case for the latest ostrich farm start-up. Remember, if information is the hot commodity, why is it being given away? The history of financial markets is littered with stories of unsavory brokers — and dishonest journalists — who have abused notions of professionalism and confidentiality.

Third, be prepared to sell quickly. If you want to speculate, you need to be fast on your feet.

Fourth, and most important, be prepared to lose what you invest. Speculative investing is a dangerous business, and few are good at it. Now that is valuable information.

M.B.

How Top-Performing Speculators Decide to Place Their Wagers

By Rupert Bruce

WHEN it comes to speculation, hedge-fund managers have gained a reputation over the past few years for taking some large risks in their quest for equally large rewards.

The managers themselves believe this reputation is not entirely justified. Nevertheless, many of them have posted fund performance that show them to be among the most talented money managers in the market, as well as some of the most creative.

Here is a glimpse of how three of the best-known hedge-fund managers in Europe formulate their strategy for speculative investing.

Betting on Rate Cuts

Crispin Odey is founder and managing director of Odey Asset Management in London, which has \$250 million in the Odey European Inc. and Ermitage European Hedge funds, plus a number of managed accounts. He formerly managed the top-performing European growth fund for Baring Asset Management.

Mr. Odey is betting on a cut in French interest rates, which, at around 6.5 percent, are above the European Union average. Likely beneficiaries are bank stocks, such as Compagnie de Suez, which owns Banque Indosuez, and big insurers, such as AGF.

"Both have large exposure to property, Indosuez through the bank's loan book and

Speculative Investing
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The lure of mining stocks
A Russia without tears
Hedging with warrants
A speculator's grab bag
Remember: Speculative investing involves a high risk of capital loss.

AGF through its investment portfolio," he explains. Even though Indosuez has written down its real-estate loans by 50 percent of book value, the market is still punishing the stock. But if France reduces interest rates, stocks like Indosuez could double in price and still trade at a discount to book value — meaning that there would still be room for gains.

Small Is Beautiful

Talal Shakerchi, the European portfolio manager at Old Mutual, has \$400 million to invest in Europe through a number of conventional equity investment funds and the Argenta European Hedge Fund. His OMI European Stockmarket offshore fund ranked fourth in its sector over the last three years, with a growth rate of almost 80 percent, according to mutual fund specialists Micropal.

At a time when small cyclical companies are out of favor, Mr. Shakerchi likes EVC, a company listed on the Amsterdam Stock Exchange that makes polyvinyl chloride plastic products for windows and packaging. Environmental concerns about the

chlorine used to make EVC's products have depressed the company's stock price, but Mr. Shakerchi sees a silver lining: "The environmental concern has the effect of putting off chemical companies from building new capacity," he says, which should help companies like EVC that have capacity already.

He also likes Arjo, a Swedish manufacturer of hospital hygiene and patient handling equipment, whose stock price has fallen recently on prospects for slower growth in the sector. But Mr. Shakerchi sees promise in the swelling of the elderly population and in proposed EU health and safety legislation that, he says, could boost demand for Arjo equipment.

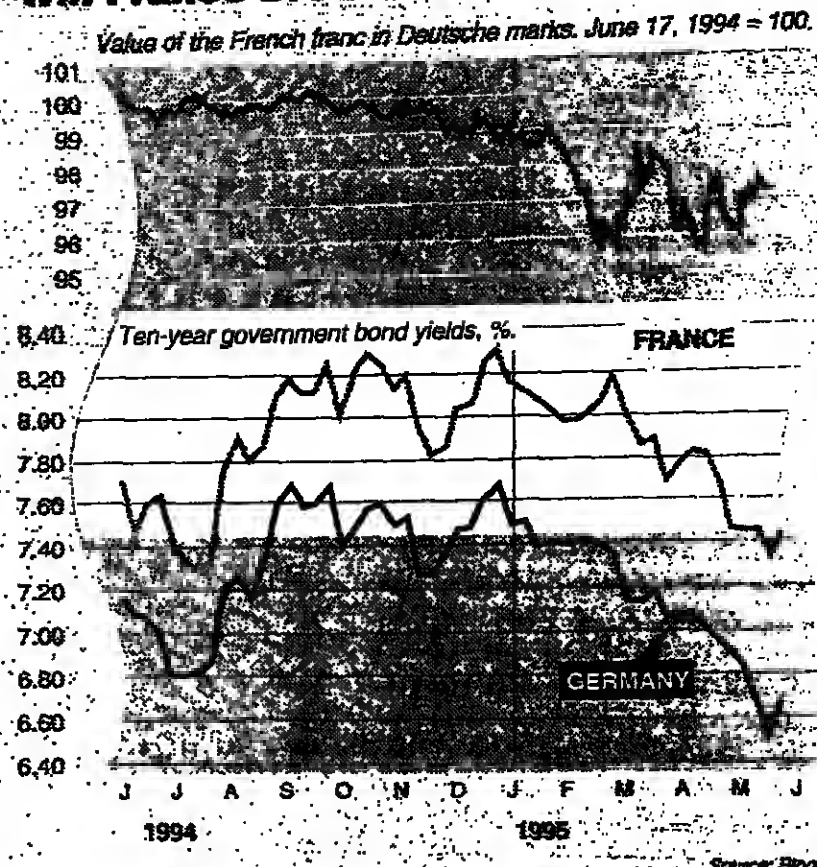
Room at the Inn

Florian Homm, a managing director of Value Management & Research, runs about \$160 million of hedge fund money from Koenigstein in Germany. His funds were among the top performers in 1994.

He likes the high-yielding convertible bonds issued by Société Immobilière Hôtelière de France. Although the company, which owns luxury hotels around the world, is being restructured, Mr. Homm likes management's stated commitment to improve the debt-to-equity ratio from its current 60 percent.

Also, he says, the recent Euro Disney SA debt reduction showed that, thanks to a quirk in French law, French bonds are virtually the most senior form of debt and therefore likely to be untouched in any restructuring.

Will France Break Free?



What if the Facts Support Both Sides?

By Ann Brocklehurst

BOB McKee, an economist with the investment analysis firm Independent Strategy in London, does not mince words. "Not every market," he says bluntly, "is going to emerge."

In a recent report on India, which the London-based firm described as the "emerging market flavor of the year" for 1994, Independent Strategy lists a slew of reasons for not investing there, including overpopulation, illiteracy, government domination of business and illiquid financial markets. "We are zero-weighted in Indian financial assets in our emerging market model portfolio," the report concludes.

Separating the wheat from the chaff in investment advice can be a daunting task, particularly when it concerns emerging markets. That is why Independent Strategy and similar firms develop their own models to evaluate, as objec-

tively as possible, the economic potential of developing countries based on measurable benchmarks.

Independent Strategy's so-called restructuring criteria fall under five headings: culture, government policy, economy, external and social. By those measures, India ranks near the bottom of the firm's success index — a red flag warning investors of serious risk.

Since January, when the India report was written, Mr. McKee acknowledges that he has become slightly less pessimistic. He even sees some investment opportunities in Indian equities over the next year if the growth rate remains strong and inflation does not flare up.

But managers of the handful of closed-end funds specializing in India stocks put an even more optimistic spin on the situation. Despite an 18 percent drop in Indian stocks since last November, the consensus among analysts and fund managers is that economic fundamentals were not responsible. Instead, they

infrastructure weaknesses in the Bombay Stock Exchange, as well as the jitters that have hurt most emerging markets following the Mexican crisis late last year.

Since the Securities and Exchange Board of India banned the loosely-regulated, carry-forward system known as Badla in April 1994, volumes have shrunk to one-fifth of pre-ban levels, creating major liquidity problems and contributing to the uncertainty that is keeping prices low.

Cheskor Ltd. of London, which manages three India funds and advises another, launched its 20/20 India Fund in November just before the market dive.

Although John Band, director of strategy, acknowledges that the timing was unfortunate, potential investors had been warned that they would need to keep their money in for a three-year period to see returns which would justify the risks.

"The value now available is absolutely spectacular," Mr. Band said. "The stream of cor-

porate profits coming through at the moment confirms what we've been saying."

Jeff Chowdhry, India Fund manager at Foreign & Colonial Markets in London, also sees opportunities where others see problems. He believes, for example, that India's economic expansion will more than compensate for its population growth, and that although illiteracy in general is still a problem, India's technicians are as well qualified as their Western counterparts.

Along with other analysts, Mr. Chowdhry is convinced that the economic liberalization process in India is firmly established at all levels of government and will not be derailed even if there is a change in government in next year's national elections.

But Independent Strategy is not so sure. "We are wary of the fashion that says all markets and economies must emerge," says a recent report, because "the ultimate aim of politicians is power, not long-term economic success."

Indian Mutual Funds

Value of \$100, income reinvested, excluding charges.

Performance to June 1, 1995	Over 1 month	Over 1 year	Performance to June 1, 1995	Over 1 month	Over 1 year
Indian Smaller Comp. Ltd	110.81	-	Drescher-Thomson India	100.00	-
Pioneer India A	104.14	-	Baring Petcock Fund Ltd	100.00	-
Pioneer India B	104.05	-	Columbus India Fund	100.00	-
EV Marathon Greater India	103.47	89.52	Clenden India	100.00	-
EV Traditional Greater India	103.46	80.62	Lazard Bel India IT	100.00	88.67
Fleming India Invest Trust	103.16	74.76	India Magnum Fund	100.00	91.57
GT Indian Smaller Cos B USD	103.00	-	Second India Investment Fund	100.00	106.38
GT Indian Smaller Cos A USD	102.98	-	First India Investment Fund	100.00	91.34
India Focus Fund	102.26	-	Ta Performance	100.00	85.72
Barclays Edge AMF India	102.14	84.15	India Fund	99.57	81.94
MS India Investment Fund	101.43	80.07	Govett India	99.45	73.41
CL Regional India	100.85	52.52	Indian Investment Company	99.26	-
Alles India	100.59	-	Orx (India) Fund Ltd (e)	98.99	-
Peregrine India Smaller Cos	100.00	-	Cheskor India ICL Smaller Cos	98.17	-
			Sector average	99.35	83.41

Source: Micropal

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THE WORLD'S DAILY NEWSPAPER

It Takes Skill to Hit a Moving Target

By Barbara Wall

PENNY-STOCK operations seldom become market superstars. So investors need to look closely at a company's owners, management and line of business. A change in any of these elements can cause prospects to sour.

Stephen Clayton, an analyst with stockbrokers Henry Cooke Lumsden in Britain, tells the story of Black & Edgington in Britain, which he thinks is a penny stock with prospects.

Black & Edgington rents marquees, or large tents, for outdoor functions such as wedding receptions. According to Mr. Clayton, the company was "going nowhere fast" when a consortium of investors bought into it in November 1994.

The new shareholders are now changing the company's name and direction: They plan to sell the rental business and start marketing pharmaceutical products.

For any company, doing a total about-face is a risk. But Mr. Clayton believes the new business has two big advantages: a contract on a promising new product, and directors with impressive track records in

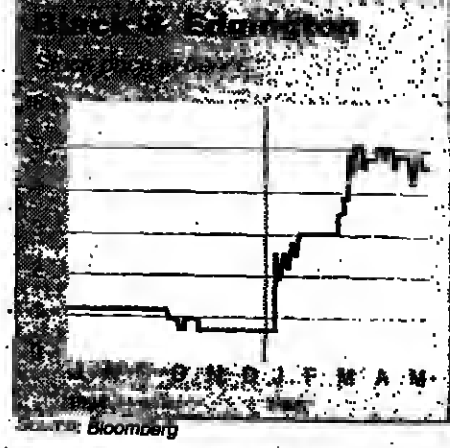
pharmaceuticals and management.

Black & Edgington has recently acquired the licensing rights from Jago Pharmacy in Switzerland to market two new controlled-release diabetes drugs. Unlike traditional diabetes drugs, which are injected intravenously, the new drugs are in tablet form and can be swallowed. The tablet form is easier to administer, and the time-release feature allows the drugs to be absorbed into the body over a period of time, reducing potential side effects.

The new chairman of Black & Edgington is Ian Gowrie Smith, former chairman of Medeva PLC, a well-managed British pharmaceuticals group. Mr. Clayton believes that Mr. Smith masterminded Medeva's rise and will therefore bring that expertise to his new company. Mr. Smith also has bought a 15 percent stake in Black & Edgington, which gives him a financial incentive to succeed.

Another director, Nigel Wray, is chairman of Burford Holdings, a well-regarded British real-estate company. Mr. Wray has invested £1 million to acquire 6 percent of Black & Edgington.

Black & Edgington shares traded recently at 4.50 pence (7 cents) on the London Stock



Market. During 1994 the shares traded as high as 5 pence and as low as 0.75 pence. But Mr. Clayton is not fazed by the shifts in share price. "The directors are taking several positive steps to improve the company's image," he says. "Given a fair wind there is no reason why Black & Edgington shares should not at least double in the next twelve months."

Winners and Losers From Earlier Picks

By Martin Baker

THE ultimate test of investment managers is their investment performance — although many seem to make a career out of elegant failure. With speculative investing there are no excuses: Only success will do.

The results of earlier selections, on May 21 and December 3 of last year, are mixed, although true speculators would have realized any short-term gains long ago. A year ago, Richard Greer of Baring Securities in London recommended buying shares in five Russian companies. Three have performed extremely well: Chernomorneftegaz jumped 250 percent since shares were first quoted in the Moscow Times on

September 1; Brusk Aluminum rose 130 percent and Gum rose 86 percent. But shares declined 15.4 percent at Mosenergo and a discouraging 60 percent at Inkombank over the same period.

We also reported an analyst's liking for Aydin Corp., a defense, electronics and communications group based in Hershman, Pennsylvania. At that time, shares had plunged to about \$11 from around \$20 in the early 1990s as a result of the downturn in the defense industry. Aydin shares are now trading at about \$15 each, still short of the complete recovery forecasted but well up on the price this time last year.

Another pick was less successful. Shares in O'Sullivan Industries, a former subsidiary of Tundy Corp. based in Lamar

Missouri, are still trading at about \$8 each, about half the price expected.

There are other cases that show why speculating is often done best over the short term. A year ago, we reported one observer's preference for shares in South African gold mining companies. Over the next few months, that sector did extremely well: The Johannesburg Stock Exchange Gold Index rose to about \$500 from about \$350. But it started heading down at the end of the year and is now hovering at around \$250.

The speculative plays of December will have inflicted damage on investors. Technology index puts flared briefly into profit, but you had to be quick to catch them.

Then there was LUKoil, the

very same Russian oil company that is recommended in this issue. Cynics would say that if the company was good value at around \$36 in December, it must be a wonderful buy now at a price of around \$22. Incidentally, the pick in this issue comes from a different journalist interviewing a different analyst.

LUKoil was hurt by the general run on emerging markets that occurred after the Mexican debt crisis. The share is up from a mid-March low, as is the Kleinwort Emerging Markets warrant, now trading at around 57 pence (91 cents), compared with 80 pence in December.

Hiscox Select and LIMIT both stood to benefit from a successful restructuring of Lloyd's of London, are both marginally down.

INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, JUNE 17-18, 1995

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ANNUAL REPORTS

ALCATEL
ALSTHOM

Alcatel Alsthom is an international producer of technologically advanced infrastructure equipment for the communications systems, energy and transport sectors. The group ranks among the world leaders in all of its areas of activities.

With 197,000 employees, Alcatel Alsthom is active in some 100 countries around the world.

In 1994, with sales of FF 167.6 billion, Alcatel Alsthom's net income amounted to FF 3.6 billion and placed it among the world's forty largest companies.

ALCATEL
CABLE

Alcatel Cable is a world leader in the cable industry. This position has been achieved through the company's wide range of products, its presence in thirty countries, the know-how of its 28,000 employees and its quality of service.

Alcatel Cable's experience in manufacturing enables it to produce almost all types of standard or highly specialized cables, covering terrestrial and submarine applications as well as turnkey network engineering services and high performance logistics systems. In 1994, with sales of FF 39.3 billion, Alcatel Cable net income amounted to FF 1.5 billion.

CEGELEC

Cegelec, the electrical engineering arm of the Alcatel Alsthom Group, is the world's largest electrical contracting company and ranks among the three world leaders in industrial control. Electrical engineering involves all of the skills and services understanding of used to harness electric power, from generation to utilization in industry or in public and private services. It combines two core competencies: Electrical Contracting and Industrial Control - with a diversified, complementary range of state-of-the-art technical support services.

Cegelec employs 23,482 and operates worldwide via 50 subsidiaries and 75 equity interests in 30 countries. In 1994, it reported 16.4 billion French in sales, 40 % of which were derived outside France.



CNP, the leading personal life insurer in France, is positioned at the forefront of the French economic scene. In 1994, the company experienced new growth and replenished its product line in order to address the needs of an expanding market.

In 1994:
Premium income: FRF 76 billion
Net earnings (Group share): FRF 1,415 million
Assets managed: FRF 280 billion.



COFLEXIP STENA OFFSHORE

The world leader in subsea oilfield services, Coflexip Stena Offshore is one of the top 10 major oilfield services groups in terms of market capitalization. Listed on the New York (NASDAQ) and Paris (SEI) stock exchanges, the Group achieved revenues in 1994 of FF 3.9 billion (pro forma). Headquartered in Paris (France), Coflexip Stena Offshore offers its products and services from locations in Australia, Brazil, France, India, Norway, Singapore, United Kingdom and the United States. The Group provides a wide range of field development services (project management, engineering, etc.). This capability is enhanced with a range of unique and complementary products (flexible pipe, reeled steel pipe, control umbilicals, remotely operated vehicles and composite materials) and the largest and most advanced fleet of subsea construction and installation vessels in operation around the world today.



In 1994, CCF celebrated its centennial.

First full-service bank to offer its clients a conventional branch banking, electronic home banking and direct banking by telephone, CCF has oriented its strategy toward four major business sectors: Retail Banking, Investment Banking, Asset Management and International Private Banking. CCF is a robust corporation which operates on a human dimension, with a fine array of expertise. In each of its sectors, it is engaged in exciting new ventures.

Its consolidated net profit has grown well for the eleventh consecutive year, a performance unmatched in the banking profession in France.

CRÉDIT FONCIER

Founded in 1852, Crédit Foncier de France is one of France's most important providers of property lending facilities particularly by providing government-subsidized loans and actively participates in local authority financing.

CRÉDIT
FONCIER
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FRANCE

The Group provides lending facilities for air transportation and marine shipping companies, and is also involved in the funding and financial engineering of large-scale development and equipment projects.

In 1994, it headed a group with total assets of over FF 376 billion and its extensive range of activities are funded through FF 24 billion in issues on the French and international capital markets, including 50 % outside of France.



Crédit local de France is France's leading banker in the local public service utility market. It finances local projects in many areas of activity: environment, transportation, local economic development, etc.

1994 was the best year for Crédit local de France since its creation in 1987. Net income has increased by 12 % to FF 1,450 million compared to 1993. The total assets of Crédit local de France now stand at FF 392 billion, making it one of the twelve largest French financial institutions.

Crédit local de France is also a major borrower in international financial markets raising more than FRF 43 billion in 1994.



CRÉDIT NATIONAL

The vocation of the Crédit National Group is to act as the preferred financial partner of large and medium-sized businesses. Its asset bases give it the financial standing to fulfill this role; its seventy-five year history giving industry has given it the necessary expertise.

CRÉDIT
NATIONAL
1994 ANNUAL REPORT

We offer our customers all the financial know-how they need to support them as they grow; we are prepared to take on long-term risk, and are able to devise complex and competitive financing solutions. The group's commercial strategy is centered on four core businesses: corporate lending; equity financing; real estate; capital markets.

Chairman and Chief Executive Officer: Emmanuel Rodocanachi

Electrowatt

Electrowatt Ltd is a Swiss holding company of a group of international companies active in six divisions: electric utilities, electric power operations - engineering and contracting - security systems, building control, electronics. These companies have established significant or leading positions in their markets in Europe, North America and the Far East. Consolidated sales have increased by 4 % to FF 4.9 billion in the 1993/94 financial year. Cash flow also grew by 4 % to FF 771 million and consolidated net income slightly declined by 2 % to FF 207 million due to a negative currency effect of 11 %. Return on equity amounts to 10.4 %. 61 % of sales are generated outside Switzerland, primarily in the EU.



Gaz de France is responsible for the importation, transport, storage, distribution and retailing of natural gas.

With its development of the network, increased international presence, new products and services, Gaz de France figures among the leading gas operators in the world.

Turnover: FRF 47.1 billion
Profit: FRF 1.35 billion
Net and assimilated investments: FRF 6 billion
Gas sales: 406.6 billion kwh.



LAFARGE is one of the world's foremost producers of construction materials. By focusing on our customers and partners, building on our expertise in industry and services, and enhancing safety, comfort, and aesthetic appeal, we supply all of our clients with products uniquely suited to their needs. We hold leading positions in each of our core businesses: cement, concrete and aggregates, gypsum and specialty products.

With a 43 % increase in our 1994 net income, sales at 33 billion, a sustained investment on the international front and stronger finances, the 33,000 LAFARGE workforce is pursuing a strategy built on a commitment to progress and long-term goals, as well as a concern for the well-being of society and the environment, in over forty countries.

LAFARGE: MATERIALS FOR BUILDING OUR WORLD



Lyonnaise des Eaux is a worldwide group employing 140,000 people with 2 core activities:

- Services (44 % of turnover) to the environment (water, sanitation, energy) and to the general community (communications, funeral services).
- Construction (45 % of turnover): general building, road and industrial construction, concessionary activities (motorways and car parks).

In 1994, the Group's turnover totalled FRF 100 billion, with 43 % being generated outside France (+ 7 %), and the net income stood at FRF 1,061 million (+ 32 %).



The Pernod Ricard group, which celebrates its twentieth anniversary this year, has, since 1975, successfully continued to diversify both outside France and in the non-alcoholic drinks business.



The Group's international growth (58 % of sales generated outside France) enables it to be optimistic about the future and, at the same time, confirms its leadership position in the French market. Annual growth in net income after minority interests has averaged 12.6 % since 1975.

1994 Consolidated financial highlights
Sales net of sales and excise tax: FF 15,832 million
Net income after minority interests: FF 1,147 million
Pretax profit before exceptional items: FF 1,612 million
Chairman and Chief Executive Officer: Patrick Ricard

GROUPE PINAULT-PRINTEMPS-REDOUTE

Pinault-Printemps-Redoute is today one of the leading French groups, as demonstrated by the uniqueness of its position in the French economy where it is the sole operator present in nearly all distribution sectors, the level of its sales revenues, its market capitalization of FF 21 billion and its inclusion in the CAC 40 index.

Consolidated information:
sales: FF70,796 million
operating income: FF2,692 million
shareholders' equity (Group share): FF12,222 million
Chairman of the Management Board: Pierre BLAYAU



The Poliet Group holds a unique position in the building sector. Concentrating on the building materials area, it is both a large manufacturer and distributor.

The Group is organized into six sectors:

- Building and Home Improvement Product
- Industrial Joinery
- Construction Mortar
- Clay Roofing Tiles
- Locks and Hardware
- Concrete Products.

In 1994, POLIET Group's sales amounted to FRF 20.8 billion.

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President of the Management Board: Jean-Gérard CLAUDON

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THE MONEY REPORT

BRIEF CASE

New Fund Tails Europe's Tiger

International mutual fund investors now have the opportunity to invest in Polish shares. The Polish Investment Company SICAV, a newly launched vehicle managed by Foreign & Colonial Emerging Markets Ltd. (FCEM) and domiciled in Luxembourg, will seek to achieve long-term capital appreciation through a diversified portfolio of Polish listed companies.

FCEM will concentrate on finding companies with high-quality management teams and a low valuation. The fund manager believes that the Polish stock market is well regulated and highly liquid, and argues that Polish stocks have good earnings growth potential and are inexpensively priced. The firm sees significant parallels between modern Poland and the state of the "tiger" economies of Asia in the 1980s.

"The Polish stock market remains relatively small with only 48 companies listed, but is

expected to expand at a rate of around 2 new listings per month through 1995," said Scott Delman, a director at FCEM.

The fund has a minimum investment of \$5,000, and charges run at 1.75 percent initially with a 1 percent redemption fee in the first year. After the first year the exit fee falls to 0.5 percent.

For more information, call FCEM in London, (44-171) 628-1234.

A Mortgage Aimed at Self-Employed

Allied Dunbar PLC has introduced a mortgage aimed specifically at the self-employed and sole proprietors, two groups of borrowers who often have trouble meeting bankers' traditional criteria for proof of income and net worth.

The mortgage, called Enterprise 80, is available for up to 80 percent of home value or £200,000. It carries a fixed interest rate of 6.95 percent for the first 12 months, but borrowers can also get a 1 percent discount over two years on the prevailing variable rate.

The loan does not require confirmation of income, but the borrower must have a credit history.

Malta Seeks Offshore Business

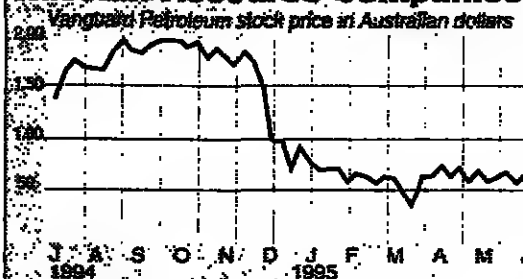
Malta has completed a package of legislative and regulatory measures aimed at spurring the country's development as an offshore financial center.

A total of 14 pieces of legislation have been passed, including changes in policies relating to taxation, trusts, incorporation and investor protection.

A Chance to Be Part of a Legend

Collectors of film-industry memorabilia will be able to indulge themselves next Friday in London, when Sotheby's offers property from the estate of the actress Lillian Gish. Ms. Gish, who died in 1993, had a film career that spanned 75 years. The sale will include clothing and jewelry, as well as furniture and decorative objects from Ms. Gish's New York apartment.

Russian Resource Companies



The Promise and Peril of Eastern Mining Plays

By Iain Jenkins

ARCHANGEL Diamond Corp., a tiny Canadian company listed on the Vancouver Stock Exchange, claims to have the exclusive rights to a huge diamond field in Russia. Bula Resources, a small oil company based in Dublin, has the rights to a Siberian oil field the size of British Petroleum's mammoth Foinaven field in the North Sea.

Both companies are penny stocks that will make investors a fortune if they succeed. But are they too good to be true?

All the investor warning bells should be flashing. Minerals are a notoriously speculative area. Penny stocks listed on less well-known stock exchanges such as Perth, Toronto and Dublin hardly inspire confidence. And then there is all the uncertainty associated with doing business in Russia.

Yet a growing band of Western investors is being tempted to bet that some of them will succeed.

If Archangel really does find commercially exploitable quantities of diamonds near the Finnish border, investors who have bought the stock at today's price of 80 Canadian cents (\$0.58) will make a fortune.

Andrew Malim, executive director of

Archangel, says: "All mining is like feeling for the door handle in the dark." But he says, if things go well the shares could be worth 15 to 20 dollars.

Stock in Bula will also go into the stratosphere if it can beat the arduous Siberian conditions and get oil out of the ground in commercially useful quantities.

Then there is Nelson Gold Corp., listed in Toronto, with the rights to exploit a huge gold deposit in Tadzhikistan, a country that has been rocked by civil war. Its stock is trading at around 3.20 dollars but the company has proved and probable reserves of 4.4 million ounces (132,000 kilograms) of gold.

Richard Wilkins, commercial vice-president of Nelson, says: "We are going to be a very big player producing 12 tons a year. That is significant for one company. It will put us up with the majors."

But can it really happen? Jim Stanley, who heads Bula, acknowledges that the investment community has its doubts: "Financial institutions think that it is too much like the Wild West and have trouble taking us seriously."

He likens the attitude of today's bankers to the skepticism that greeted the first reports of enormous gold deposits in South Africa some 80 years ago. "Reputable banks didn't believe there could be that much gold," Mr.

Stanley says. "Who was right?"

Just how many of the companies that have set up oil and mining deals in Russia, Kazakhstan, Azerbaijan and Tadzhikistan will go on to create huge natural resource empires remains to be seen. Most of the companies are in the early stages of exploration or production and thus far have little to show for the money that has been sunk into their projects.

James Club, a director of Bitech, a Canadian company that claims huge oil reserves in the Komi area of northern Russia, says: "It hasn't been an easy sell. Institutions are suspicious of the Russian system. They can see money going in, but is oil going to come out at the end of the day? They are not convinced."

He adds that investors who are convinced that Russia will make the transition to the market economy are choosing to invest directly in Russian oil companies rather than in offshore vehicles.

Avoiding custody and settlement worries is the chief attraction of offshore Russian stocks. But the fact that many of these companies are listed on unusual stock exchanges has not enhanced their credibility.

Kevin Burke, chief executive of Vanguard Petroleum, which is listed in Perth, acknowledges the image prob-

lem. "When we have made presentations to U.S. investors, they can't understand why they should invest in an Australian-listed company that is managed from London with all of its assets in Russia," he says.

However, Vanguard, unlike many penny-stock companies, has actually started oil production in Russia. It is also close to selling production rights in a field in western Siberia to Petro-Hunt, a Texas company, for \$45 million. The deal will leave Vanguard with a 33.3 percent stake in The Siberian Oil Co., which has proven and probable reserves of 960 million barrels.

Another problem with offshore penny stocks is that they are illiquid. Few trades take place each day and the stocks tend to rise in speculative flurries before falling back on bad news. Most of them suffered in the collapse of the Russian stock market last year and are only just starting to recover.

Nancy Curtin, head of the emerging Europe team at Baring Asset Management in London, thinks that offshore stocks are an interesting alternative to investing directly in the Russian market but warns that if the Russian over-the-counter market takes off, these stocks could be marginalized. "Investors won't need to buy these stocks to get exposure to Russia," she says. "They will be able to buy directly."

Russia Without (Much) Risk

By Aline Sullivan

SPECULATING remains rife in Russia, where investing in equities is described by Michael Sonenshine, senior analyst for Central and Eastern Europe at Baring Securities, as a roller-coaster ride.

"Russian shares are justifiably inexpensive," he warned. "Many economic, political and legal issues have yet to be resolved and few companies have international accounting and financial reporting standards. But if Russia successfully transforms its economic and political systems, asset valuations could rise dramatically."

Mr. Sonenshine recommends buying shares in Ros-telecom, the national telecommunications company;

LUKoil, one of Russia's leading oil producers, and the Far East Shipping Company, or FESCO.

These companies represent strong recovery plays but are currently valued at only a fraction of their counterparts in more developed economies. LUKoil, for example, is capitalized at \$10 per barrel of output, compared with about \$92 per barrel for Western oil companies. Shares in all three companies could double over the next 12 months if the Russian economy improves, he said.

Jonathan Neill, senior investment manager at the London arm of Swiss brokerage Pictet & Co., believes investing in some small Japanese companies has become an almost sure bet despite the sector's continued languor.

The Tokyo Second Section Index hit its lowest level earlier this week in almost ten years, thanks to a continued shortage of both bank credit and domestic investor confidence.

"Buying shares in some of these companies is like picking up big golden coins off the pavement," said Mr. Neill. "They are trading at far less than their actual cash value."

He cited two examples: Chubu Suisan, a fish marketing group, which is trading at about 380 yen (\$4.50) per share despite cash, or current assets minus inventories minus total liabilities, of 550 yen per share, and Kita-Nippon, a Tokyo bank that is trading at about a quarter of what Pictet analysts believe is its actual value. Shares in both will be worth three times their current levels within three years, Mr. Neill predicted.

Warrants Help Hedge Bets

By Barbara Wall

IF the penny-stock market seems a bit too fanciful, you may prefer to take your chances on the fast-moving but slightly less risky covered-warrants market.

Warrants give the holder the right to buy a company's stock at a stated price either before a certain date or at any time in the future. The warrants are leveraged — that is, they carry a lower price than the shares. The greater the difference, the greater the leverage, and the greater the risk that the shares will not hit the warrant price.

Standard warrants are issued by the company or an investment trust. Covered warrants, however, are issued by third parties such as banks or large finance houses, and tend to be more highly leveraged than

standard warrants because the offering parties use them for hedging their own risks.

Andrew McHattie, editor of Warrants Alert, a newsletter published in Britain, singles out the covered warrants issued by Société Générale on Zenecha Group, a British pharmaceutical company.

When Zenecha failed in its bid two months ago to buy Wellcome PLC — subsequently acquired by Glaxo PLC — many in the industry believed that Zenecha itself might become a takeover target.

Zenecha shares are currently trading in London at around £10.50 (\$16.90), and the covered warrants are priced at 250 pence. Analysts believe an acquiring company would have to pay at least £12.50 per share, which would give the warrants a fantastic boost.

Rumors that Zenecha was ripe for a takeover reached fever pitch this month, when the Société Générale covered warrants rocketed from 199 pence to 306 pence in one day's trading. The chairman of Zenecha quickly dismissed rumors that the company was about to be bought and the warrant price came down.

Nonetheless, Mr. McHattie believes that if Zenecha does not make a significant acquisition within the next six months, there is a strong chance that one of the cash-rich pharmaceutical companies on the continent will make an offer.

"If there is a takeover at Zenecha the warrant price could go as high as 400 pence," said Mr. McHattie. The warrants run to Dec. 13, 1996, which, he says, allows plenty of time for further developments.

A Speculator's Notebook

FOR those who dislike the aggressive nature of warrants, but nonetheless are in the mood for a leveraged play on equities, Robert Burdett, a senior analyst with Berry Asset Management in London, suggests a split-capital investment trust.

This is a standard investment trust which is split 50-50 between two types of shareholder: those who want income and those who want growth. Investors who opt for the growth split forego their right to income from the trust.

This does mean, however, that if the market goes up, capital shareholders will get double the growth since income shareholders have relinquished their right to a share in the growth proceeds.

Mr. Burdett recommends Jos Capital Holdings for growth-seekers. This is an ordinary investment trust in British equities. The leverage factor is 2.3 times, so if the market goes up by 10 percent, shares in the trust will increase by 23 percent.

"The underlying portfolio is attractive because the managers are not predisposed to satisfying income shareholders — a problem with some split capital investment trusts. The investment trust yield is currently 4.5 percent, which is just 0.5 percent above the market average," Mr. Burdett says.

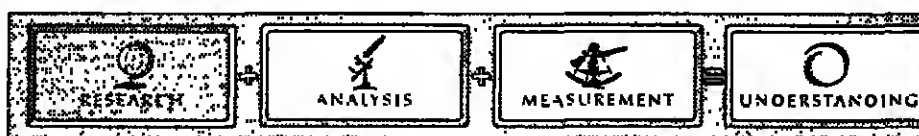
Barbara Wall

DAVID Katz, chief investment officer at Matrix Asset Advisors in New York, recommends buying shares in Ikon Corp., a Florida credit

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SPORTS

Riley's Departure Leaves Big Decisions for Knicks

By Clifton Brown
New York Times Service

NEW YORK — In a move that was shocking despite rumors that it might happen, Pat Riley announced his resignation after four years as head coach of the New York Knicks.

Riley left with a year remaining on his contract and with a five-year, \$15 million contract extension offer from the Knicks on the table. Through a statement issued Thursday by his public relations firm, Riley said that his resignation had "absolutely nothing to do with money," but that philosophical differences with management, and management's refusal to give him more control over basketball matters, had led to his decision.

But Dave Checketts, president of Madison Square Garden, insisted that Riley, 50, wanted part ownership and complete autonomy of the team, and that his heart was no longer in the job when those requests were denied.

In Riley, whose coaching record of 756-299 represents the

best winning percentage (.717) in league history, the Knicks lost one of the most successful and charismatic coaches in the National Basketball Association. The search for a new coach began immediately.

As for Riley's future, he cannot coach elsewhere next season unless given permission by the Knicks. But the Knicks could let Riley out of the last year of his contract if they are given compensation by another team.

The Miami Heat, looking for a head coach, has the No. 10 pick in the draft later this month, and Miami also has Atlanta's first-round pick next year. Dave Wohl, Miami's general manager, was an assistant under Riley with the Los Angeles Lakers. Although Miami is reportedly close to signing Bob Huggins of the University of Cincinnati as its next head coach, there is a notion that Miami's thinking might change now that Riley is available.

When asked if the Knicks would allow Riley out of his contract if they received compensation from another team, Checketts left the door open,

saying, "We have a very valuable person and asset who is under contract." Further, Checketts said he believed Riley would coach again.

Meanwhile, Riley's decision was announced by Checketts and Ernie Grunfeld, the general manager, who explained their side of the issue at a news conference. Riley failed to appear and did not return a phone call to his home in Connecticut.

While praising Riley for his coaching and his contributions to the Knicks' success, it was clear that Checketts was not happy that Riley's statement left the impression that a power struggle had led to his resignation.

In his statement, Riley said: "For the last two years, I had consistently and repeatedly expressed to Knicks management my desire and need to be charged with ultimate responsibility for all significant aspects of the ball club. During this time, I tried my best to reach an agreement with management on these issues. Unhappily, the gap between us could not be bridged."



Riley in action during Knicks' 1994 finals with Houston.

How Houston Earned Respect On Paper, NBA Champs Aren't Convincing

By Richard Justice
Washington Post Service

HOUSTON — Someone in the NBA once said: "If you can't steal their players, steal their plays." Or perhaps their practice schedule or their substitution pattern or their coaching style.

Over the next few months, there may be a lot of that kind of talk in the NBA, as owners, general managers and coaches look at how the Houston Rockets have won back-to-back championships, including their most recent, a four-game sweep of Orlando that ended with Houston's 113-101 victory Wednesday at the Summit.

Here is how Houston did it:

• With six players, Charles Jones and Chaquy Brown were nice little stories, but in the finals, six players got 90 percent of the minutes (887 of 985). Coach Rudy Tomjanovich kept Hakeem Olajuwon, Clyde Drexler, Robert Horry and Mario Elie on the floor until they dropped, rested them for a few minutes and then put them back in. Sometimes his substitution pattern was designed as much to keep guys fresh as to try any particular strategy. His fifth and sixth players were point guards Kenny Smith and Sam Cassell, who split the position.

• Without a power forward, Horry is a wonderfully gifted small forward in the Scottie Pippen mold, but he is no power guy. Virtually no one thought Houston could win again without a big-time rebounder, but Horry, pulling his opponent away from the basket and making plays on the run or hitting three-pointers, outplayed almost everyone he faced, including Orlando's Horace Grant, the prototype power forward.

• Without the home-court advantage. Nine other NBA teams won more games than the Rockets. They clinched the Utah and Phoenix series on the road, and in the final two rounds were 3-0 away from home.

"We had nonbelievers all along the way," Tomjanovich said. "I have one thing to say to those nonbelievers: 'Don't ever underestimate the heart of a champion.'"

The Rockets complained a year ago because they believed their first championship had been thoroughly unappreciated. No one will make

that mistake again. The Rockets were as gritty and as smart a champion as the NBA has had in years. Their success started with Olajuwon, who averaged 32.8 points per game in the series and accepted the most valuable player trophy.

Every team tried something else against him. He faced double- and triple-team defenses and he faced some one-on-one looks. He defeated them all and now his team will be mentioned alongside the teams of great centers who've ever played.

The Rockets were also Clyde Drexler, who despite his 32 years still is as quick as almost any off guard in the league. His ability to rebound in traffic, then push the ball up the floor, created some of the most memorable plays from this series.

There is also Tomjanovich, a driven, tightly wound soul, who has proved that star-caliber former players can become great coaches. His touch was perfect as he alternately praised and cajoled the Rockets through these playoffs.

And then there was everyone else. When the rest of the NBA copies the Houston blueprint, it will include Elie nailing four huge three-pointers in Game 4 and Horry doing the same in Game 3. In the opening victories in Orlando, Smith starred in one, Cassell in the other.

"Every team we beat in the playoffs could have been the champion of the league," Tomjanovich said. "That's how good these teams were. We won this series 4-0, but every single game Orlando could have won. Our team had to make big play after big play to get this thing done."

The Rockets won five do-or-die games, including three on the road and two in which they had to overcome double-digit deficits. They trailed the Utah Jazz, 2-1, in a best-of-five series. They were down to Phoenix, 3-1, with the series shifting back to Phoenix. They were tied with San Antonio 2-2 with the series going to the Alamodome.

"That team, you look at it on paper, you'd say, 'How does this team win?' said Orlando's point guard, Penny Hardaway. "But their hearts are just as big as any team's in the NBA. It's not good to lose, but it's good to lose to a team that you respect and admire. We have so much respect for Houston."

A Matter of Control and Ego

By Michael Wilbon
Washington Post Service

UPON resigning as head coach of the New York Knicks, Pat Riley issued a statement that was largely meant to make sure we all knew his departure had nothing to do with money.

Instead, the statement gave us a glimpse into just how big a control freak and how full of himself Riley has become after 13 seasons as head coach of the Lakers and Knicks — the two most glamorous jobs in the league — and winning four NBA championships.

In his statement, Riley said the negotiations between him and the Knicks had everything to do with who was going to have the "authority and final decision-making." He said he wouldn't want to come back if he could not "make final, critical decisions on matters bearing directly and intensely on the team, its performance and its future." He further said he "consistently and repeatedly expressed to Knicks management my desire and need to be charged with ultimate responsibility for all significant aspects of the ballclub."

In the late 1980s, I thought Riley was the best coach in basketball at any level. But Riley began to act as if his life and the lives of his players were stake 82 times a year, plus the playoffs.

"Did you get that statement?" "Desire and need to believe his own hype or what?"

Wore thin in Los Angeles after nine seasons, it was beginning to wear thin with the Knicks after four.

Riley, whose book, "The Winner Within," was a best-seller, sure could connect with corporate executives in those motivational speeches he was paid handsomely to make. But year by year, he seemed less able to connect with that new breed of player, or the third-string point guard who needed a few minutes to feel a part of the team. Real conversation frequently lapsed into philosophic waxing. Thus, The Year of the Innocent Climbs, the Principle of Perfect Painful Progression, The Need to Endure, The Disease of Me. The problem is

there's a real-world application to these philosophies that Riley was starting to miss.

Riley and the Knicks as currently constituted weren't going to win an NBA championship. In fact, the slide was on, and too many players were past 30. Riley knows his star player, Patrick Ewing, will be 33 in August. And he knows the Charles Jones playing the final five minutes for the Houston Rockets in the NBA finals. Some times, it's up to the coach to develop his own depth. But enough of this bashing. What we want to know is:

How about finding out whether some of the players the Knicks have can play? The Knicks don't know how good Doug Christie or Monty Williams or Charlie Ward is, because Riley wouldn't play them.

All I've heard from Riley supporters the past two years is that the Knicks don't have any depth, but I swear that was Chuckie Brown and Charles Jones playing the final five minutes for the Houston Rockets in the NBA finals. Some times, it's up to the coach to develop his own depth. But enough of this bashing. What we want to know is:

What will Riley do? And who will coach the Knicks?

First, how many places can Riley go and have George S. Patton control over the entire outfit — only John Lucas at Philly, Mike Dunleavy at Milwaukee and Benjie Bickerstaff at Denver have that kind of control — and also have a team good enough to challenge for the title within two years? Miami? Not enough talent. Boston? Ditto. Riley's never coached a day in his life without a No. 1 draft pick. Charlotte? Just hired Bob Bass as GM. Seattle? Perhaps. Dallas? They've got the players and Dick Motta's a caretaker. San Antonio? With David Robinson, a No. 1 pick out from the same draft as Ewing, it makes for a good match to have a control-freak coach.

Whoever coaches in New York could be pulling out his own hair because it really isn't what you'd call a great job at the moment. However, Larry Brown has taken the Pacers as far as they're going. And you're sure to also hear the name Rick Pitino. And how about Phil Jackson, the ex-Knicker who a month ago dropped hints he might not come back to Chicago?

Maybe all Riley wanted was his old seat back on the studio set so he'd have a good view of all the scrambling he set off.

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TRANSITIONS

Bochinski, J. Maroncelli (15), MacDonald (14), Wickman (7), Northrup (3) and Staley; Tinsley, W. Burgeson, 3-4; L. Boehringer (1), H.R. — Detroit, Fielder (14), C. Gomez (5).

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Herald Tribune SPORTS

SATURDAY-SUNDAY, JUNE 17-18, 1995

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Utah Gets Olympics In 2002

The Associated Press
BUDAPEST — Salt Lake City was chosen on the first ballot Friday to host the 2002 Winter Olympics, ending a three-decade campaign that included four previous defeats.

It will be the first Winter Games in the United States since Lake Placid, New York, played host in 1980. And it will be the second time in less than six years that the Olympic flame will burn on U.S. soil. Atlanta hosts the centennial Summer Games next year.

Salt Lake was selected overwhelmingly over three other candidates: Ostersund, Sweden; Quebec, Canada; and Sion, Switzerland.

The Utah capital won in the first round of a secret ballot by the International Olympic Committee, receiving 54 votes out of 89 cast. The number of votes required for victory was an absolute majority of 45. Ostersund and Sion each received 14 votes and Quebec got 7.

When the decision was announced by the IOC president, Juan Antonio Samaranch, Salt Lake delegates sprang from their seats, cheering and throwing their arms in the air.

"This is wonderful," said Mary Callaghan, a Salt Lake county commissioner. "Thousands of people spent years preparing for this."

In Salt Lake City, some 40,000 people watched on a giant screen as the IOC, meeting in Budapest, announced its decision.

The Utah capital, which four years ago narrowly lost the right to host the 1998 Winter Games to Nagano, Japan, had been regarded as the favorite. This was the fifth Olympic bid by Salt Lake City dating back to 1966.

"No city prepared more completely than Salt Lake City, no bid more thorough and detailed, and at all times the athletes of the world were the principal focal point of the effort," said LeRoy T. Walker, president of the U.S. Olympic Committee.

The committee estimates that Salt Lake City Olympics will add \$100 million to its next four-year budget.



Giants' catcher, Tom Lampkin, right, tags Cubs' runner Brian McRae out at the plate.

Pirates Win on Garcia's 6 RBIs

The Associated Press
A switch in the field gave Carlos Garcia a boost at the plate. Moving from second base to shortstop to replace a slumping Jay Bell, Garcia drove in six runs Thursday to lead the Pittsburgh Pirates over the Los Angeles Dodgers, 11-7.

Garcia, who entered the game with only 11 RBIs in 126 at-bats, hit a three-run homer and a bases-loaded double. The six RBIs doubled his previous career-high for one game.

"Finally, I'm getting some timing at the plate and I'm starting to see pitches the way I should," said Garcia, who went 2-for-3.

Garcia, who played shortstop in the minors, is getting his confidence back after undergoing knee surgery last winter.

Mark Johnson hit a three-run homer for Pittsburgh, which also was helped by the eight walks given up by four Dodgers pitchers.

Cubs 3, Giants 1: In Chicago, Frank Castillo lost his bid for a NL Roundup.

perfect game on Mike Benjamin's one-out single in the seventh inning. Castillo allowed four hits and one walk in eight innings, and matched his career-high with 10 strikeouts.

Phillies 4, Astros 2: Tony Longmire, a pinch-hitter, lifted Philadelphia over visiting Houston with a two-out, three-run homer in the ninth.

Mets 5, Marlins 4: Joe Orsulak singled home the winning

run in the 10th for the Mets, who thought they should have beaten visiting Florida an inning earlier, but the game went into extra innings after a disputed double-play call.

Braves 2, Expos 0: In Montreal, Greg Maddux scattered seven hits for his first shutout of the season. Maddux walked none and struck out three, with his 18th career shutout. Marquis Grissom went 4-for-4 with two doubles, and Mike Kelly homered for the Braves.

Cardinals 2, Padres 1: Mark Petkovsek, a 29-year-old rookie, pitched eight strong innings and Ray Lankford homered for the St. Louis. Lankford's homer off Scott Sanders in the sixth inning ended a 14-inning scoreless drought for the hosts.

Gubicza's One-Hitter Shuts Out A's

The Associated Press
Mark Gubicza pitched a one-hitter, allowing only a fourth-inning single to Mark McGwire, to lead the Kansas City Royals over the Athletics, 7-0.

Gubicza struck out five and walked one in his fourth career shutout. Thursday, McGwire's single, a drive to left, came with one out in the fourth.

Vince Coleman doubled twice for Kansas City, which won for the 16th time in 20 games.

Gubicza was among the majors' hardest throwing pitchers

in the 1980s before rotator cuff surgery set him back in 1993.

Angels 5, White Sox 1: In a game delayed by rain — the first time at Anaheim Stadium since April 14, 1988 — Califor-

nia beat Chicago after the start was held up for 44 minutes.

Rookie Garret Anderson, who had three hits, and J.T. Snow, who homered, each drove in two runs.

Lee Smith tied his major league mark with a save in his 17th straight appearance.

Mike Bielecki took a three-hit shutout into the seventh inning.

Tigers 9, Yankees 2: Cecil Fielder hit his 14th home run and host Detroit took advantage of New York rookie Brian Boehringer's wildness. Boehringer, making his first major league start, walked seven in four-plus innings.

Chris Gomez also homered for Detroit and Todd Stevenson had three hits.

AL ROUNDUP

AL EAST: Yankees 2, Tigers 9. Orioles 3, Red Sox 1. Blue Jays 4, Mariners 1.

AL CENTRAL: Twins 4, White Sox 1. Angels 5, Athletics 7. Royals 7, Braves 0.

AL WEST: Rangers 3, Astros 2. Padres 1, Cardinals 2. Giants 1, Cubs 3.

NL EAST: Braves 2, Expos 0. Phillies 4, Astros 2. Mets 5, Marlins 4.

NL CENTRAL: Pirates 11, Dodgers 7. Cardinals 2, Padres 1. Giants 1, Cubs 3.

NL WEST: Dodgers 7, Pirates 11. Giants 1, Cubs 3. Padres 1, Cardinals 2.

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High-Stakes Play in South Africa

DURBAN, South Africa — Imagine, suddenly, if South Africa fails Saturday in the Rugby World Cup semifinal to beat France for the fourth time in three years.

Would anyone attend the final the following weekend?

The tournament has been driven by South Africa's return as international host, by its opening-day upset of Australia per order of Nelson Mandela, and by the record debut last weekend of Chester Williams, the only black player on the team. Rob Andrew's amazing drop-goal to knock out Australia last weekend and Jonah Lomu's breakthrough as rugby's first modern American-football clone have been inspiring, but their prospect has not filled the stadiums. In a country that had little idea what it would mean to host the world's fifth-largest tournament, the only clear sellouts have been reserved for the host team's matches.

In that sense, then, the full house here at King's Park will be cheering for a larger sense of nation — because if South Africa isn't in Johannesburg for the June 24 final against New Zealand or England, then a half-empty stadium might tell the world that this country wasn't quite yet up to the job. All of the momentum will be lost to a vacuum.

While it is less important as far as the bigger scheme, the other semifinal on Sunday between the All Blacks and Eng-

land in Cape Town figures to be the more interesting game, a clash of two advanced styles.

The English pack (led emotionally by Dean Richards in his blood-soaked and unraveling head bandage last weekend) will try to win and retain possession, and snuff out attempts by New Zealand to deliver the ball wide toward Lomu. Lomu is built like the Concorde at 118 kilograms (260 pounds) and 1.95 meters (6 feet 5 inches), and he will be marked on the left wing by England's smallest man, Tony Underwood, 73 kilograms and 1.78 meters.

The 1991 finalists will need all of their ingenuity and superior experience to stop Lomu — and then there are the other All Blacks backs to worry about: Andrew Mehrtens, Jeff Wilson, Glen Osborne, etc. The All Blacks are healthy, young and fast, and in four games they've scored 270 points, compared to 120 for England.

The English hope such indications of dominance will work against New Zealand in a close, tight game. No opponent has come within 18 points of the All Blacks, whereas England (especially Andrew) proved its steadiness in the dying moments last weekend. That is the sort of test yet to be faced by the 22-year-old Mehrtens, who otherwise would appear to be Andrew's equal.

The last meeting was a 15-9 victory for the English at Twickenham in late 1993, only their fourth victory in 17 tests against the All Blacks. Perhaps the 1987 world champions aren't the terminators they used to be: Most of this English

team have beaten the All Blacks, either in 1993 or with the British Lions.

On the other South African coast, the majority of supporters are declining to put weight in such records. It can be said that South Africa's recent failures against France were the immediate result of isolation. Only five players from the 1993 test series defeat to France will represent South Africa on Saturday. The Springboks haven't lost in nine tests since last July, and at home they no longer hear their countrymen protesting and rooting against them. The country may not be unified behind them, but what the players hear sounds like unification to them.

Such fierce emotions have worn on them over the last 23 days, with two players suspended for fighting and many more injured. James Small, the wing opposite Williams, pulled a hamstring more than two weeks ago and enters this game uncertainly and with no obvious replacement on the bench. The fly-half Joe Stransky returns after missing the quarterfinal with a swollen eye, while two world-class stars, fullback André Joubert and scrum-half Joost van der Westhuizen, will play despite a broken hand and a neck cartilage injury.

South Africa has risked inserting the lock Mark Andrews in order to challenge France at the end of the lineup, while France has installed Fabien Galthie at scrum-half with the idea of getting more out of fly-half Christophe Deylaud. France's coach, Pierre Berbizier, has yet to lose a test in the southern hemisphere, but the intensity of home support will demand of France its first complete effort since the 2-0 victory at New Zealand last year.

Price Retains Lead in U.S. Open

Compiled by Our Staff From Dispatches

SOUTHAMPTON, New York — Nick Price retained his lead at the U.S. Open championship Friday as a freshening wind caused the other contenders to fall back.

While Price waited for a late time, early starters Greg Norman and Billy Glasson each gained a share of the lead at one point only to fall back.

In fact, Price increased his lead before he was required to touch a club.

The overnight leader with a 4-under-par 66, Price was still in the clubhouse awaiting his 1:55 P.M. starting time when Norman and Glasson moved their moves — then backed off.

Fuzzy Zoeller and Jeff Maggert, each with an opening 69, also had late second-round starting times.

The former U.S. Open champion Scott Simpson started the day a single shot off the lead after an opening 67.

But he played the front in 36, one over par, and bogeyed three of the first five on the back. With three holes to go he was one over par for the tournament.

Glasson, 35, winner of 6 titles in a 12-season Professional Golfers' Association tour career, was one under starting the day's play in cool, sunny weather.

He birdied the first from 15 feet then pitched in from 40 yards for an eagle-3 on the par-5 5th. That put him in a share of the lead at 4 under par for the tournament.

Mantle Watches Golf And Exercises on Bike

The Associated Press
DALLAS — One week after his liver transplant operation, Mickey Mantle took a walk outside his hospital room twice and spent 12 minutes on an exercise bicycle.

The baseball Hall of Famer, who is 63, also spent part of Thursday watching the U.S. Open golf tournament on television and shed his hospital gown for a pair of blue pajamas and a blue denim baseball cap.

He has been hospitalized since May 28.

Glasson, however, stumbled to a 38 over the back, shot par 70 and completed 36 holes in 139, one under par.

He bogeyed 10 and 11, birdied 15 and then slumped at the finish with bogeys on the last two holes to end the day.

Once again, the par-5 16th pulled the left-hander down. This time, he bogeyed the hole when his par-putt lipped out. On Thursday, he double-bogeyed it.

"The course has really firmed up," Glasson said. "I thought it was important to start well and you can see why."

Norman, who won two weeks ago, was 2 back after an opening 68.

He needed only three holes to make up the deficit, running in a 20-foot downhill birdie putt

on the second, then hitting a long-iron to 2 feet on the third. At that point, he, too, was tied for the lead.

But Norman missed the green and made his first bogey of the tournament on the 8th hole, turned in 1-under-par 34, then bogeyed the 10th, again missing the green.

Lefty Phil Mickelson twice got to within a single stroke of the top, and made a pretty sand save on the 18th, but could do no better than a par 70 and finished two rounds at 138, 2 under par.

At that early point, with about half the field still awaiting its starting time, Mickelson was in second all alone.

And Price's lead had gone from a single stroke to a 2-shot

margin even before he picked up a club.

Both Jumbo Ozaki of Japan and Bob Tway were 2 under par for the tournament through 14 holes of the second round.

Tway had also played 16 holes, while Stricker had finished five.

Winds picked up as the day wore on and scoring became more difficult, particularly over Shinnecock's rugged back nine.

One prominent player to find the going tough was Colin Montgomerie of Britain.

Montgomerie, who last year participated in a three-way, 18-hole playoff for the Open title, struggled to a four-over 74 to stand at five-over 145 and put himself in danger of missing the cut. (A.P. Reuters)

Complete Scores in First Round of U.S. Open

33-34	Bradley Hughes	37-38	Chih Beck	38-39	38-39
34-35	Scott Simpson	38-39	Hole In One	39-40	39-40
34-36	Phil Mickelson	39-40	John Connolly	40-41	40-41
34-37	Greg Norman	40-41	John Maguire	41-42	41-42
34-38	Jeff Maggert	41-42	Andy North	42-43	42-43
34-39	Fuzzy Zoeller	42-43	David Mulder IV	43-44	43-44
34-40	Bill Glasson	43-44	Geoffrey Slak	44-45	44-45
34-41	Loren Roberts	44-45	D.J. Holland	45-46	45-46
34-42	Bob Tway	45-46	Robert Stewart	46-47	46-47
34-43	Tommy	46-47	Fred Funk	47-48	47-48
34-44	Jumbo Ozaki	47-48	Mike Son Pilewe	48-49	48-49
34-45	Lee Janzen	48-49	Kenny Perry	49-50	49-50
34-46	Tommy	49-50	Jon Chaffee	50-51	50-51
34-47	Chris Zimber	50-51	Kelly Aldrich	51-52	51-52
34-48	Chris Zimber	51-52	Wayne Grady	52-53	52-53
34-49	Chris Zimber	52-53	Bill Mulvaney	53-54	53-54
34-50	Chris Zimber	53-54	Don Wadsworth	54-55	54-55
34-51	Chris Zimber	54-55	Tom Baker-Finch	55-56	55-56
34-52	Chris Zimber	55-56	Chris Darr	56-57	56-57
34-53	Chris Zimber	56-57	Jim Eklund	57-58	57-58
34-54	Chris Zimber	57-58	Fred Couples	58-59	58-59
34-55	Chris Zimber	58-59	Paul Allen	59-60	59-60
34-56	Chris Zimber	59-60	Patrick Moore	60-61	60-61
34-57	Chris Zimber	60-61	Tommy Armour III	61-62	61-62
34-58	Chris Zimber	61-62	Simon Hobday	62-63	62-63
34-59	Chris Zimber	62-63	Steve Pate	63-64	63-64
34-60	Chris Zimber	63-64	Tim Herron	64-65	64-65
34-61	Chris Zimber	64-65	Larry Tedesco	65-66	65-66
34-62	Chris Zimber	65-66	Clark Dennis	66-67	66-67
34-63	Chris Zimber	66-67	John Huhner	67-68	67-68
34-64	Chris Zimber	67-68	Bobby Elliott	68-69	68-69
34-65	Chris Zimber	68-69	Rick Crum	69-70	69-70
34-66	Chris Zimber	69-70	Colin Stacey	70-71	70-71
34-67	Chris Zimber	70-71	Chris Kaufman	71-72	71-72
34-68	Chris Zimber	71-72	Adam Armstrong	72-73	72-73
34-69	Chris Zimber	72-73	Bob Estes	73-74	73-74
34-70	Chris Zimber	73-74	John Colabaro	74-75	74-75
34-71	Chris Zimber	74-75	John Reeves	75-76	75-76
34-72	Chris Zimber	75-76	Javier Sanchez	76-77	76-77
34-73	Chris Zimber	76-77	John Snyder	77-78	77-78
34-74	Chris Zimber	77-78	Brad Bell	78-79	78-79
34-75	Chris Zimber	78-79	Scott Tyson	79-80	79-80
34-76	Chris Zimber	79-80	(to-morrow)	80-81	80-81

A MUSICAL QUIZ By Rich Norris

ACROSS	41 Sought coppers	72 X—
1 Gruesome	42 First manned mooncraft	73 Damask, for one
7 Appeal	43 Maj.'s superior	74 Speaks tersely
11 Mount for Abraham	44 Sound exasperated	75 "—been real!"
14 Cut	47 False god	80 Immerse
18 Lawrence of Arabia portrayal	48 Off track	81 Common answering machine message
19 Resume entry	50 Minnesota appellation	83 Compact
22 New Rochelle college	51 Mauna —	94 Phone or cycle precursor
23 Credence Clearwater	52 Exaggerated	96 Montana call
24 Clearwater, 1970	54 1973 Vidal novel	97 "Cheer" character
25 Skier's aid	55 Extend, in a way	98 Visit again
26 "There, there," e.g.	57 Slavic hero	99 Liquid fat
27 War room fixture	58 Prophet in 1 and 11 Kings	101 Young Rascals recording, 1967
28 Moss Hart's autobiography	59 Uneven	96 "My Way" songwriter
30 Prominent legal celebrity	61 Kind of panel	97 Jiff
31 "Cat on — Tin Roof"	64 Press	98 Speed
33 Blocked	67 Not so many	99 Patient's need
34 Sonny and Cher question, 1968	68 Holiday hanging	100 Arctic habitats
40 1913-14 Vice President	69 Degrades	106 One — (ball game)
	70 Sci-fi film of 1954	107 Bobby Freeman question, 1958

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15 Peter and Gordon's answer to 23-Across	49 The Miracles' answer to 91-Across	82 Ancient strongbox	95 Kind of bean
16 Nutty	50 Honshu peak	83 Cautioned	96 A or O, e.g.
17 Trimmed Cassidy portrayal	53 Out of gas	84 Agree	100 Catch
20 Take out	54 Some bellpoints	85 Withdrew	101 French 101 verb
21 Paint store choices	55 Send (to)	86 City east of Utrecht	103 Monogram part: Abbr.
24 Think, old-style	56 Solitary ones	91 Nimbi	104 — signum
28 E.M.T.'s procedure	58 Choice word	92 "They laughed when —"	105 Spring purchase
31 Bit of Chlorophylla	59 George Washington no-no	93 "Could This —" (1980 song)	106 Part of S.O.S., supposedly
32 Sacrosanct	61 Open-weave fabric	94 Invention of 1945	108 Vane dir.
33 Gershwin's answer to 107-Across	62 Emulate Webster	110 — loss	
34 Entanglements	63 Prince's answer to 34-Across		
35 Make simmer	64 Sinker of sorts		
36 Winglike	65 Luxuriate		
37 Coded wire transmission	71 Toolshed item		
38 Apportion	74 "... and to — good night!"		
39 Large quantity	75 Approach		
40 200 milligrams	76 Actress Pitts		
41 Specklebreast, e.g.	77 Like certain profs.		
42 One who hesitates	78 Maximilian von		
43 School subj.	80 Badges		
44 They usually work evenings	81 Opaque barite		

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